



COLLEGIATE ACADEMIES and AFFILIATE

CONSOLIDATED FINANCIAL REPORT

June 30, 2022 and 2021

**REPORT**

Independent Auditors' Report	1
------------------------------	---

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9

SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits, and Other Payments Made to Agency Head	21
--	----

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS AND
THE UNIFORM GUIDANCE

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Independent Auditors' Report on Compliance for Each of the Major Programs and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	24
Schedule of Expenditures of Federal Awards	27
Notes to the Schedule of Expenditures of Federal Awards	28
Schedule of Findings and Questioned Costs	30
Consolidating Statements of Financial Position	33
Consolidating Statements of Activities	34
Corrective Action Plan	35

INDEPENDENT AUDITORS' REPORT

Board of Directors
Collegiate Academies and Affiliate
New Orleans, Louisiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Collegiate Academies and Affiliate (the Organizations) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organizations as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of compensation, benefits, and other payments made to agency head are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The consolidating statement of financial position and consolidating statement of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, on our consideration of the Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
April 28, 2023

Collegiate Academies and Affiliate Consolidated Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 8,896,697	\$ 12,350,158
Grant and other receivables	7,570,848	2,727,514
Prepaid expenses and other current assets	196,975	196,224
Total current assets	16,664,520	15,273,896
Investments	140,000	-
Property and equipment, net	10,200,629	10,504,421
Total assets	\$ 27,005,149	\$ 25,778,317
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,353,913	\$ 2,159,173
Deferred revenue	410,800	-
Short term portion of notes payable	159,274	146,327
Total current liabilities	3,923,987	2,305,500
Noncurrent liabilities		
Notes payable, net of short term portion	9,291,027	9,450,301
Total liabilities	13,215,014	11,755,801
Net assets		
Without donor restrictions	13,443,635	14,022,516
With donor restrictions	346,500	-
Total net assets	13,790,135	14,022,516
Total liabilities and net assets	\$ 27,005,149	\$ 25,778,317

The accompanying notes are an integral part of these financial statements.

Collegiate Academies and Affiliate Consolidated Statements of Activities

<i>For the years ended June 30,</i>	2022	2021
Changes in net assets without donor restrictions		
Revenue and other support		
State public school funds	\$ 18,874,848	\$ 17,822,393
Local per pupil aid	17,197,928	17,895,006
Federal sources	14,701,899	6,938,698
Donations and contributions	2,762,707	2,304,213
Local sources	76,017	150,000
Investment dividends and interest	38,754	29,201
Total revenue and other support	53,652,153	45,139,511
Expenses		
Program services	27,146,898	22,298,538
Management and general	27,084,136	21,573,400
Total expenses	54,231,034	43,871,938
Change in net assets without donor restrictions	(578,881)	1,267,573
Change in net assets with donor restrictions		
Grants	346,500	-
Total net assets with donor restrictions	346,500	-
Change in net assets	(232,381)	1,267,573
Net assets at beginning of year	14,022,516	12,754,943
Net assets at end of year	\$ 13,790,135	\$ 14,022,516

The accompanying notes are an integral part of these financial statements.

Collegiate Academies and Affiliate Consolidated Statement of Functional Expenses

<i>For the year ended June 30,</i>	Instructional	Management & General	2022 Totals
Salaries and benefits	\$ 19,634,257	\$ 15,298,075	\$ 34,932,332
Bus service	205	4,638,270	4,638,475
Supplies	1,917,139	1,297,959	3,215,098
Professional services	1,583,921	1,510,349	3,094,270
Food service	1,171,500	12,844	1,184,344
Purchased property services	80,068	2,621,376	2,701,444
Dues and fees	93,264	674,483	767,747
Utilities	653,255	217,752	871,007
Insurance	492,116	164,039	656,155
Telephone and postage	328,474	89,280	417,754
Travel	139,673	277,273	416,946
Interest	307,154	102,385	409,539
Textbooks	378,039	-	378,039
Depreciation	227,844	75,948	303,792
Printing and binding	114,947	5,522	120,469
Recruiting	-	90,234	90,234
Property lease expense	25,042	8,347	33,389
Total	\$ 27,146,898	\$ 27,084,136	\$ 54,231,034

The accompanying notes are an integral part of these financial statements.

Collegiate Academies and Affiliate Consolidated Statement of Functional Expenses

<i>For the year ended June 30,</i>	Instructional	Management & General	2021 Total
Salaries and benefits	\$ 16,970,621	\$ 14,642,644	\$ 31,613,265
Professional services	893,977	1,424,286	2,318,263
Supplies	1,180,551	710,693	1,891,244
Purchased property services	14,596	1,675,743	1,690,339
Bus service	-	1,629,055	1,629,055
Food service	1,212,116	4,738	1,216,854
Dues and fees	33,448	732,803	766,251
Utilities	459,884	153,295	613,179
Insurance	457,108	152,369	609,477
Telephone and postage	356,764	114,418	471,182
Interest	341,451	113,817	455,268
Depreciation	221,999	74,000	295,999
Property lease expense	87,531	29,177	116,708
Recruiting	-	73,156	73,156
Travel	12,102	43,120	55,222
Printing and binding	37,158	-	37,158
Textbooks	19,232	86	19,318
Total	\$ 22,298,538	\$ 21,573,400	\$ 43,871,938

The accompanying notes are an integral part of these financial statements.

Collegiate Academies and Affiliate Consolidated Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating activities		
Change in net assets	\$ (232,381)	\$ 1,267,574
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	303,792	295,999
Changes in operating assets and liabilities:		
Grant and other receivables	(4,843,334)	306,184
Prepaid expenses and other current assets	(751)	98,267
Accounts payable and accrued expenses	1,194,740	1,215,213
Deferred revenues	410,800	-
Accrued interest	-	68,750
Net cash provided by (used in) operating activities	(3,167,134)	3,251,987
Investing activities		
Purchases of equipment	-	(36,214)
Purchase of investments	(140,000)	-
Net cash provided by (used in) financing activities	(140,000)	(36,214)
Financing activities		
Payments on notes payable	(146,327)	(105,503)
Net cash provided by (used in) financing activities	(146,327)	(105,503)
Net change in cash and cash equivalents	(3,453,461)	3,110,270
Cash and cash equivalents at beginning of year	12,350,158	9,239,888
Cash and cash equivalents at end of year	\$ 8,896,697	\$ 12,350,158
Supplemental cash flow information		
Cash paid for interest	\$ 409,539	\$ 455,268

The accompanying notes are an integral part of these financial statements.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Collegiate Academies (the School) was incorporated in May of 2010 as New Orleans Charter Science and Math Academy for the purpose of operating a transformation charter school in New Orleans. Effective July 1, 2010, the assets and liabilities of New Orleans Charter Science and Math Academy were transferred from another non-profit organization (Advocates for Science and Mathematics Education, Inc.). In February of 2011, the Board of New Orleans Charter Science and Math Academy approved a name change to Collegiate Academies. The School was created to develop college-bound students for leadership and lifelong learning. The State Board of Elementary and Secondary Education granted the School a Type 5 charter to operate Collegiate Academies. In August 2013, the School expanded by adding two (2) new high schools with ninth grade only, George Washington Carver Collegiate Academy and George Washington Carver Preparatory Academy. By the 2015-2016 school year, all three (3) high schools contained grades 9-12.

As of the 2016-2017 school year, George Washington Carver Collegiate Academy and George Washington Carver Preparatory Academy merged to become George Washington Carver Collegiate Academy. As well, Livingston Collegiate opened in the fall of 2016 with ninth grade only. Livingston Collegiate has added a class level a year to be serving 9-12 by the start of the 2019-2020 school year. Collegiate Baton Rouge has added a grade each school year to be serving 9-12 grades by fall of 2020. In the 2018-2019 school year, Rosenwald Collegiate Academy opened in New Orleans with ninth grade only. Rosenwald has added a grade each school year to be serving 9-12 grades by fall of 2021. In the 2018-2019 school year, Opportunities Academy opened in New Orleans. Opportunities Academy is a full-day program for students with intellectual and developmental disabilities.

Friends of Collegiate (Friends), incorporated on July 1, 2018, is a non-profit organization organized and operated for the benefit of Collegiate Academies.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Consolidation

The consolidated financial statements include accounts of Collegiate Academies and Friends of Collegiate, collectively referred to as the Organizations. All material intercompany account balances and transactions have been eliminated.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant changes in the near term are related to allocation of expenses by function and depreciation.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. There were no cash equivalents as of June 30, 2022 or 2021.

Grant and Other Receivables

The grant and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organizations provide for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors/donors to meet their obligations. Management believes that all receivables are collectible. As such, the consolidated financial statements do not include an estimate for allowance for doubtful accounts.

Investments

The Organizations reports investments in equity securities with readily determinable fair values at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Organizations review long-lived assets, consisting of buildings and equipment, for impairment and determine whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The Organizations determine recoverability of assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during 2022 or 2021.

Net Assets

The Organizations report information regarding financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organizations, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

A significant portion of the Organizations' grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Revenue from fundraising is recognized as revenue when performance obligations under the terms of the contracts are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the consolidated statements of financial position when present. There was no fundraising income received during the years ended June 30, 2022 and 2021.

Deferred Revenue

Deferred revenue consists of a grant award received in advance that relates to services to be rendered in a future period and is deferred and recognized as revenue in the period earned.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. There were no donated assets received during the years ended June 30, 2022 and 2021.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met. There were no donated services received during the years ended June 30, 2022 and 2021.

Compensated Absences

All full time teachers and staff are provided up to 10 no-fault days per Collegiate Academies Employee Handbook. Unused no-fault balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year. Friends of Collegiate does not have employees.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility, insurance, interest, utilities, telephone and postage, and depreciation are allocated based on square footage.

Advertising

The Organizations use advertising to promote their programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2022 and 2021, advertising costs totaled \$90,234 and \$73,156, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organizations are exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions. There was no unrelated business income for the years ended June 30, 2022 and 2021.

The Organizations utilize the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Organizations have no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, April 28, 2023, and determined that, except as noted in Note 14, there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update apply to Not-for-Profit entities that receive contributed nonfinancial assets. Under the guidance, entities are required to (1) present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets and (2) disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the consolidated statements of activities by category that depicts the type of contributed nonfinancial assets and certain qualitative information. This new guidance is required to be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Organizations adopted ASU 2020-07 effective July 1, 2021. There were no impacts to the consolidated financial statements resulting from the adoption of ASU 2020-07.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organizations elected not to early adopt the provisions of ASU 2016-02 for the year ended June 30, 2022. The Organizations are currently evaluating the impact of the guidance on their consolidated financial statements.

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organizations maintain their financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organizations' expenditures come due. The following reflects the Organizations' financial assets as of the consolidated statements of financial position dates, reduced by amounts not available for general use within one year of the consolidated statements of financial position dates because of contractual or donor-imposed restrictions.

**Collegiate Academies and Affiliate
Notes to Consolidated Financial Statements**

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

June 30,	2022	2021
Total assets at year-end	\$ 27,005,129	\$ 25,778,317
Less non-financial assets		
Prepaid expenses and other assets	196,975	196,224
Property and equipment, net	10,200,609	10,504,421
Financial assets at year-end	16,607,545	15,077,672
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	346,500	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 16,261,045	\$ 15,077,672

The Organizations are principally supported by government grants. The goal of the Organizations is to maintain available financial assets to meet its next 30 days of operating expenses. As part of its liquidity management, the Organizations maintain cash accounts at a local bank, which pays interest on the balances maintained.

Note 4: GRANT AND OTHER RECEIVABLES

Grant and other receivables consist of the following:

Grants and other receivables	2022	2021
Louisiana Department of Education	\$ 3,743,014	\$ 1,571,417
Minimum Foundation Program funds	2,039,174	-
HFSC	394,033	161,945
NOLA Business Alliance	-	237,843
US Dept. of Education	74,235	243,139
New Schools New Orleans	257,609	273,103
LRS	63,705	80,120
YouthForce NOLA	22,105	68,668
City Fund	346,500	-
Federal Communications Commission (ECF)	369,169	-
New Venture Fund	87,298	-
NOLA PS	125,227	-
Other	48,779	91,279
Total grants and other receivables	\$ 7,570,848	\$ 2,727,514

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

June 30, 2022	Cost	Market Value
Cash equivalents	\$ 1,804	\$ 1,804
US equity securities	27,916	27,916
Taxable fixed income securities	110,280	110,280
Total investments in marketable securities	\$ 140,000	\$ 140,000

Note 6: PROPERTY AND EQUIPMENT

Property and equipment is as follows as of June 30, 2022 and 2021:

	Estimated Useful Lives (in years)	2022	2021
Land		\$ 360,000	\$ 360,000
Building	15 years	10,337,608	10,337,608
Equipment	7 years	373,201	373,201
Total		11,070,809	11,070,809
Accumulated depreciation		(870,200)	(566,388)
Total property and equipment, net		\$ 10,200,609	\$ 10,504,421

Depreciation expense was \$303,792 and \$295,999 for the years ended June 30, 2022 and 2021, respectively.

Note 7: RENT-FREE LEASE AGREEMENT

The School entered into rent-free lease agreements with the State of Louisiana Department of Education, Recovery School District (the RSD) for the use of buildings and grounds as school facilities. The School is responsible for the payment of utilities, janitorial and sanitation, disposal services, and property taxes. There are no formal written lease agreements and the amount of rent cannot be easily determined thus, no amounts have been recognized as donated facilities.

The agreements between the parties is intended to allow the RSD to move the School at any time as long as the RSD provides another facility deemed reasonable; taking into consideration such factors as building capacity, design alignment with grade levels served by the School, projected enrollment, program specific needs, and community needs.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 8: NOTES PAYABLE

Friends entered into a mortgage payable with a financial institution on August 6, 2018 for the construction of a new school in Baton Rouge. The debt is separated into 4 loans with interest rates from 4.85% to 5.64%. The debt agreements are short-term construction agreements and have varying maturity from July 31, 2023 to September 1, 2023. Loan are collateralized by the property.

Long-term debt consists of the following:

<i>June 30,</i>	2022	2021
Note payable to CSGF Facility Fund III, LLC, the entire principal amount due upon maturity date as of July 31, 2023; interest of 2.75% per annum.	\$ 2,500,000	\$ 2,500,000
Note payable to Self-Help New Markets XII, LLC, monthly payment of \$7,828.88 including interest of 4.85% per annum, maturity of September 1, 2023.	1,299,596	1,328,848
Note payable to Self-Help New Markets XIII, LLC, monthly payment of \$7,828.88 including interest of 4.85% per annum, maturity of September 1, 2023.	1,299,596	1,328,848
Note payable to Self-Help Credit Union, monthly payment of \$28,134.03 including interest of 5.60% per annum, maturity of September 1, 2023.	4,351,109	4,438,932
Long-term debt	9,450,301	9,596,628
Less current portion	(159,274)	(146,327)
Long-term debt, less current maturities	\$9,291,027	\$ 9,450,301

Interest expense related to the mortgage agreement was \$409,539 and \$455,268 for the years ended June 30, 2022 and 2021, respectively.

Certain note agreements contain various special provisions and covenants pertaining to, but not limited to, use of proceeds, payment of indebtedness and taxes, existence and properties, and other various reporting obligations. Management believes the Organizations were compliant with these requirements as of June 30, 2022, except that management failed to deliver audited financial statements by the required deadline.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 8: NOTES PAYABLE (Continued)

Maturities of long-term debt subsequent to June 30, 2022 consists of the following:

<i>For the year ending June 30,</i>	
2023	\$ 159,274
2024	9,291,027
 Total	 \$ 9,450,301

Note 9: NET ASSETS

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restriction.

Net assets with donor restrictions at June 30, 2022 consisted of the following:

	2022
Purpose restricted:	
City Fund	\$ 346,500
 Total net assets with donor restrictions	 \$ 346,500

There were no net assets with donor restrictions as of June 30, 2021.

Note 10: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 10: FAIR VALUE MEASUREMENTS (Continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

US equity security: Valued at the closing price reported on the active market on which the individual securities are traded.

Taxable fixed income securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date. Assets and liabilities measured at fair value on a recurring basis consists of the following as of June 30, 2022:

Description	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 1,804	\$ -	\$ -	\$ 1,804
US equity securities	27,916	-	-	27,916
Taxable fixed income securities	110,280	-	-	110,280
Total	\$ 140,000	\$ -	\$ -	\$ 140,000

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

Note 11: CONCENTRATIONS

The Organizations maintain cash deposits with a financial institution at June 30, 2022 and 2021 in excess of federally insured limits of \$9,134,105 and \$12,412,614, respectively. The financial institution had pledged securities on behalf of the School, which secured cash balances in excess of the federally insured limit as of June 30, 2022 and 2021.

For the year ended June 30, 2022, the Organizations received 27% of their total revenue from federal sources, 35% of their total revenue from state public school funds, and 32% of their total revenues from local public school funds. For the year ended June 30, 2021, the Organizations received 15% of their total revenue from federal sources, 39% of their total revenues from state public school funds, and 40% of their total revenues from local public school funds. As of the years ended June 30, 2022 and 2021, the Organizations had 50% and 20%, respectively, of their receivables from federal sources.

Note 12: CONTINGENCIES

The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Note 13: DEFINED CONTRIBUTION PLAN

The School sponsors a defined contribution plan (the Plan) covering all employees immediately upon hire who agree to make contributions to the Plan. The School may elect to make discretionary contributions during any plan year. The School elected to make discretionary contributions of \$724,101 and \$629,299 for the years ended June 30, 2022 and 2021, respectively.

Note 14: SUBSEQUENT EVENTS

Subsequent to year-end, the school received \$7,000,000 in unsolicited, unrestricted funds from a private donor.

**Collegiate Academies and Affiliate
Schedule of Compensation, Benefits and Other Payments
Made to Agency Head**

Stacy Martin,
Interim Chief
Executive Officer
7/1/2021-
6/30/2022

Agency Head Name:

Purpose:

Salary	\$ 190,250
Benefits-Fica and Medicare	13,604
Benefits-health insurance	6,733
Benefits-retirement	5,670
Reimbursements	3,014
Registration fees	1,075
Workers comp	448
Benefits-long term disability	383
Deferred compensation	-
Cell phone	300
Benefits-life insurance	39
Car allowance	-
Vehicle provided by government	-
Dues	-
Vehicle rental	-
Per diem	-
Travel	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
Total	\$ 221,516

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Collegiate Academies and Affiliate
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Collegiate Academies and Affiliate (nonprofit organization) (the Organizations), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organizations' consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' consolidated financial statements are free from material misstatement, we performed tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questions costs as item 2022-001.

Collegiate Academies and Affiliate's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organizations' response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organizations' response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

Metairie, Louisiana
April 28, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Collegiate Academies and Affiliate
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Collegiate Academies and Affiliate's (the Organizations) (nonprofit organizations) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organizations' major federal programs for the year ended June 30, 2022. The Organizations' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organizations' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organizations' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organizations' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organizations' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organizations' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organizations' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
April 28, 2023

Collegiate Academies and Affiliate
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures (\$)
<u>United States Department of Education</u>			
<u>Passed-through LA Dept of Education</u>			
<u>Title I - Grants to Local Educational Agencies</u>			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,677,748
Title I Grants to Local Educational Agencies/Direct Student Services	84.010	N/A	106,563
<i>Total Title I Grants to Local Educational Agencies</i>			1,784,311
<u>Special Education Cluster</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	742,173
Special Education - High Cost Service	84.027A	N/A	401,398
<i>Total Special Education Cluster</i>			1,143,571
English Language Acquisition State Grants	84.365A	N/A	27,007
Supporting Effective Instruction State Grants	84.367A	N/A	205,627
Student Support and Academic Enrichment Program	84.424A	N/A	23,258
<i>Total passed-through LA Dept of Education</i>			3,183,774
Charter School Program	84.282M	N/A	627,843
Career and Technical Education - Basic Grants to States	84.048	N/A	70,704
<u>Passed-through New Schools for New Orleans</u>			
Teacher Incentive Fund	84.374A	N/A	390,304
Work-Based Learning Experience	84.374A	N/A	333,178
<i>Total passed-through New Schools for New Orleans</i>			723,482
<u>Passed-through Louisiana Workforce Commission</u>			
Louisiana Rehabilitative Services	84.126A	N/A	185,778
Work-Based Learning Experience	84.126A	N/A	57,493
<i>Total passed-through Louisiana Workforce Commission</i>			243,271
<u>Education Stabilization Fund</u>			
COVID-19 - ESSER II Formula	84.425D	N/A	3,935,476
COVID-19 - ARP - ESSER III Incentive	84.425D	N/A	168,369
COVID-19 - ARP - ESSER III EB Interventions	84.425U	N/A	1,030,193
COVID-19 - ARP - IDEA 611 ARP	84.425U	N/A	131,521
COVID-19 - ARP - ESSER I Formula	84.425U	N/A	609,813
COVID-19 - ARP - ESSER III Formula	84.425U	N/A	1,698,419
COVID-19 - ARP - Homeless ARP	84.425W	N/A	37,046
<i>Total COVID-19 & ARP Education Stabilization Fund</i>			7,610,837
Total Department of Education			12,459,911
<u>United States Department of Agriculture/Direct Program</u>			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	N/A	1,756,257
<i>Total Child Nutrition Cluster</i>			1,756,257
<u>United States Department of Health/Direct Program/</u>			
LDH Safer Smarter Schools	93.323	N/A	72,500
<u>Federal Communications Commission</u>			
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	369,169
Total Expenditures of Federal Awards			\$ 14,657,837

*Collegiate Academies did not pass-through any amounts to subrecipients.

Collegiate Academies and Affiliate

Notes to the Schedule of Expenditures of Federal Awards

Note 1: General

The accompany schedule of expenditures of federal awards (the Schedule) presents the revenues from federal awards of Collegiate Academies (the School) (a nonprofit organization) as defined in Note 2 to the School's basic consolidated financial statements for the year ended June 30, 2022. All federal financial assistance received directly from federal agencies is included on the Schedule, as well as federal assistance passed through other government agencies.

Note 2: DE MINIMIS INDIRECT COST RATE

The School has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Collegiate Academies and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

Note 4: RECONCILIATION OF FEDERAL GRANT REVENUE TO EXPENDITURES OF FEDERAL AWARDS

Federal awards revenues reported in the Organizations' consolidated financial statements reconcile to federal award expenditures as follows:

Expenditures of federal awards during the year ended June 30, 2022	\$	14,657,837
Child nutrition program net cash resources		44,062
<hr/>		
Total federal grants revenue	\$	14,701,899

Note 5: RELATIONSHIP TO BASIC CONSOLIDATED FINANCIAL STATEMENTS

Federal award revenues are reported in the School's basic consolidated financial statements as program revenues.

Collegiate Academies and Affiliate Notes to the Schedule of Expenditures of Federal Awards

Note 6: LOANS

Collegiate Academies did not expend federal awards related to loans or loan guarantees during the year.

Note 7: FEDERALLY FUNDED INSURANCE

Collegiate Academies has no federally funded insurance.

Note 8: NONCASH ASSISTANCE

Collegiate Academies did not receive any federal noncash assistance for the fiscal year ended June 30, 2022.

**Collegiate Academies and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | Yes |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs | |

ALN Number	Federal Program
32.009	COVID-19 Emergency Connectivity Fund Program
84.010	Title I
84.425	COVID-19 Elementary and Secondary School Emergency Relief Fund

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

**Collegiate Academies and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section II – Financial Statement Findings

Finding 2022-001 Noncompliance – LATE FILING FINDING

Criteria: Per Louisiana Revised Statute 24:513, the School is required to complete and submit an audit to the Louisiana Legislative Auditor “within six months of the close of the local auditee’s or vendor’s fiscal year.” Per Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the School is required to complete and submit an audit to the Federal Audit Clearinghouse "within the earlier of 30 calendar days after receipt of the auditors’ report(s), or nine months after the end of the audit period.”

Condition: The School did not complete and submit the audit to the Louisiana Legislative Auditor or the Federal Audit Clearinghouse within the required time periods.

Cause: The School did not implement appropriate controls and processes to ensure that the audit was submitted within the required time periods.

Effect: MFP revenue and/or federal awards could be withheld if the required report is not submitted timely.

Recommendation: We recommend that the School implement controls and processes to ensure all required reports are submitted timely.

Management Response: See corrective action plan on page 35.

Finding 2022-002 Noncompliance – STUDENT ELIGIBILITY

Criteria: The School should review and maintain student file documentation prior to acceptance each year to determine that the student exists and is a resident of Orleans or East Baton Rouge Parish (depending on the School of acceptance) and, thus, eligible to attend the School as required by the charter agreement.

Condition: The School did not maintain documentation that it reviewed student eligibility prior to acceptance for the 2021-2022 school year. 6 of 25 files tested did not contain documentation that the student resided within the appropriate parish. 1 of 25 files tested did not contain documentation, such as birth certificate or social security card, that the student existed.

Cause: The School did not implement appropriate controls to ensure documentation of existence and eligibility was maintained.

**Collegiate Academies and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Effect: Local Minimum Foundation Program revenue could be collected for fictitious students or students that do not reside within the appropriate parish.

Recommendation: We recommend that the School design and implement controls to verify and maintain documentation of student existence and eligibility.

Management Response: See corrective action plan on page 35.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Prior Findings and Questioned Costs for Federal Awards

No matters were reported.

**Collegiate Academies and Affiliate
Consolidating Statements of Financial Position**

<i>June 30,</i>	Collegiate	Friends of Collegiate	Eliminating Entries	2022 Total
Assets				
Current assets				
Cash and cash equivalents	\$ 8,750,738	\$ 145,959	\$ -	\$ 8,896,697
Grant and other receivables	7,570,848	48,216	(48,216)	7,570,848
Prepaid expenses and other current assets	196,975	-	-	196,975
Total current assets	16,518,561	194,175	(48,216)	16,664,520
Investments	140,000	-	-	140,000
Property and equipment, net	188,833	10,011,796	-	10,200,629
Total assets	\$ 16,847,394	\$ 10,205,971	\$ (48,216)	\$ 27,005,149
Liabilities and net assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 3,163,542	\$ 278,422	\$ (88,051)	\$ 3,353,913
Deferred revenue	410,800	-	-	410,800
Short term portion of notes payable	-	159,274	-	159,274
Total current liabilities	3,574,342	437,696	(88,051)	3,923,987
Noncurrent liabilities				
Notes payable, net of short term portion	-	9,291,027	-	9,291,027
Total liabilities	3,574,342	9,728,723	(88,051)	13,215,014
Net assets				
Without donor restriction	12,926,552	477,248	39,835	13,443,635
With donor restrictions	346,500	-	-	346,500
Total net assets	13,273,052	477,248	39,835	13,790,135
Total liabilities and net assets	\$ 16,847,394	\$ 10,205,971	\$ (48,216)	\$ 27,005,149

**Collegiate Academies and Affiliate
Consolidating Statements of Activities**

<i>For the year ended June 30,</i>	Collegiate	Friends of Collegiate	Eliminations	2022 Total
Changes in net assets without donor restrictions				
Revenue and other support				
State public school funds	\$ 18,874,848	\$ -	\$ -	\$ 18,874,848
Local per pupil aid	17,197,928	-	-	17,197,928
Federal sources	14,701,899	-	-	14,701,899
Donations and contributions	2,762,707	-	-	2,762,707
Local sources	76,017	-	-	76,017
Rental income	-	578,592	(578,592)	-
Investment dividends and interest	38,560	194	-	38,754
Total revenue and other support	53,651,959	578,786	(578,592)	53,652,153
Expenses				
Program services - Instructional	27,146,898	-	-	27,146,898
Supporting services - Management and general	26,964,471	698,257	(578,592)	27,084,136
Total expenses	54,111,369	698,257	(578,592)	54,231,034
Change in net assets without donor restrictions	(459,410)	(119,471)	-	(578,881)
Change in net assets with donor restrictions				
Grants	346,500	-	-	346,500
Total net assets with donor restrictions	346,500	-	-	346,500
Change in net assets	(112,910)	(119,471)	-	(232,381)
Net assets at beginning of year	13,385,962	596,719	39,835	14,022,516
Net assets at end of year	\$ 13,273,052	\$ 477,248	\$ 39,835	\$ 13,790,135



Collegiate Academies

April 28, 2023

RE: Corrective Action Plan

Collegiate Academies respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC

111 Veterans Blvd

Suite 350

Metairie, LA 70005

Audit Period:

Fiscal Year July 1, 2021 through June 30, 2022

MANAGEMENT'S RESPONSE TO FINDINGS

Finding 2022-001 – Noncompliance – LATE FILING FINDING

Status: In progress.

Planned Corrective Action: Management will work with the external accountants and auditors to develop a timeline for the audit that ensures completion by the required deadlines.

Person(s) Responsible: Justin Pickel, Chief Operating Officer

Estimated Completion Date: December 31, 2023

Finding 2022-002 – Noncompliance – STUDENT ELIGIBILITY

Status: In progress.

Planned Corrective Action: Management will provide additional training to school personnel responsible for maintenance of student files, as well as conduct internal reviews to ensure all student files are complete in accordance with current policies and procedures.

Person(s) Responsible: Justin Pickel, Chief Operating Officer

Estimated Completion Date: September 30, 2023

Sincerely,

Davis Zaunbrecher, CSO

2625 Thalia Street
New Orleans, LA 70113



Collegiate Academies

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2022

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Collegiate Academies
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Collegiate Academies (a nonprofit organization) (the School) for the fiscal year ended June 30, 2022; and to determine whether the specified schedules are free of obvious error and omissions, in compliance with Louisiana Revised Statute 24:514 I. The School's management is responsible for the performance and statistical data.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and results are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We will select a sample of 25 transactions, review supporting documentation, and observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue

Results: No exceptions noted in performing this procedure.

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: No exceptions noted in performing this procedure.

Education Levels/Experience of Public School Staff (No Schedule)

3. We will obtain October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Exceptions noted; seven (7) of twenty-five (25) individuals' education level was incorrectly reported on the October 1, 2021 PEP data.

Public School Staff Data: Average Salaries (No Schedule)

4. We will obtain June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results: No exceptions noted in performing this procedure.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Collegiate Academies, as required by Louisiana Revised Statute 24:514 I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Carr, Rigggs & Ingram, L.L.C.

Metairie, Louisiana

April 28, 2023

Collegiate Academies
Schedule 1

**General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2022**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 9,221,636	
Other instructional staff activities	2,180,750	
Instructional staff employee benefits	2,783,294	
Purchased professional and technical services	959,140	
Instructional materials and supplies	1,607,370	
Less instructional equipment	11,285	
Total teacher and student interaction activities		<u>16,763,475</u>

Other instructional activities		<u>195,614</u>
--------------------------------	--	----------------

Pupil support activities	3,399,524	
Less equipment for pupil support activities	-	
Net pupil support activities		<u>3,399,524</u>

Instructional Staff Services	918,313	
Less equipment for instructional staff services	-	
Net instructional staff services		<u>918,313</u>

School Administration	2,506,204	
Less: Equipment for school administration	-	
Net school administration		<u>2,506,204</u>

Total general fund instructional expenditures		<u><u>\$ 23,783,130</u></u>
---	--	-----------------------------

Certain Local Revenue Sources

Not applicable to the School

See independent accountants' report on applying Agreed-Upon Procedures.

Collegiate Academies
Schedule 2

Class Size Characteristics

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	46%	603	18%	243	20%	264	7%	90
High Activity Classes	4%	50	2%	27	1%	19	2%	27
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

See independent accountants' report on applying Agreed-Upon Procedures.



Collegiate Academies

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
Collegiate Academies

Dear Sirs:

Collegiate Academies will review policies and procedures in regard to the comments for each schedule of performance and statistical data and make appropriate changes that will improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints. Specifically, we have begun a comprehensive review of Years of Experience data in order to ensure accuracy and appropriate documentation for all reported data

Sincerely,

Davis Zaunbrecher, CSO

2625 Thalia Street
New Orleans, LA 70113



Collegiate Academies

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2022

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Collegiate Academies and the
Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Collegiate Academies' (the School's) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the School's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the School's operations:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the above procedure.

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Results: No exceptions were found as a result of applying the above procedure.

- c) ***Disbursements***, including processing, reviewing, and approving.

Results: No exceptions were found as a result of applying the above procedure.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were found as a result of applying the above procedure.

- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Results: No exceptions were found as a result of applying the above procedure.

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were found as a result of applying the above procedure.

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: No exceptions were found as a result of applying the above procedure.

- h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the above procedure.

- i) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions were found as a result of applying the above procedure.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: Exceptions noted. According to the School's Bylaws, the annual meeting of the Board shall be held in the month of June in each year. CRI notes the annual meeting was held in May for the current year. In addition, the Board of Directors shall meet no fewer than six times per year. CRI noted the Board met 4 times in the 2022 fiscal year.

- b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the School's collections during the fiscal period.

Results: No exceptions were found as a result of applying the above procedure.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: No exceptions noted in performing this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions noted in performing this procedure.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted in performing this procedure.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were found as a result of applying the above procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the above procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Results: No exceptions were found as a result of applying the above procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the above procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the above procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: No exceptions were found as a result of applying the above procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the above procedure.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of applying the above procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the above procedure.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: No exceptions were found as a result of applying the above procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the above procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were found as a result of applying the above procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were found as a result of applying the above procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the above procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: No exceptions were found as a result of applying the above procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were found as a result of applying the above procedure.

- 10. For each location selected under #8 above, obtain the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the School.

Results: No exceptions were found as a result of applying the above procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were found as a result of applying the above procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the above procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Results: No exceptions were found as a result of applying the above procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were found as a result of applying the above procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Exception noted. CRI noted 3 out of the 50 credit card selections did not have an original itemized receipt to identify precisely what was purchased.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: No exceptions were found as a result of applying the above procedure.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the above procedure.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: No exceptions were found as a result of applying the above procedure.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the above procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: No exceptions were found as a result of applying the above procedure.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Results: No exceptions were found as a result of applying the above procedure.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: No exceptions were found as a result of applying the above procedure.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the above procedure.

Payroll and Personnel

- 16. Obtain a listing of employees employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of applying the above procedure.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: No exceptions were found as a result of applying the above procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees.

Results: No exceptions were found as a result of applying the above procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the School's cumulative leave records.

Results: No exceptions were found as a result of applying the above procedure.

- d) Observe the rate paid to the employees agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the above procedure.

18. Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the School's policy on termination payments. Agree the hours to the employee's cumulative leave records, agree the pay rates to the employee's authorized pay rates in the employee's personnel files, and agree the termination payment to School policy.

Results: No exceptions were found as a result of applying the above procedure.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of applying the above procedure.

Fraud Notice

20. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the School reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the School is domiciled.

Results: No exceptions were found as a result of applying the above procedure.

21. Observe the School has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the above procedure.

22. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the School’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: We performed the procedure and discussed the results with management.

- b) Obtain and inspect the School’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: We performed the procedure and discussed the results with management.

- c) Obtain a listing of the School’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or

compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carr, Riggs & Ingram, L.L.C.

April 28, 2023



Collegiate Academies

April 28, 2023

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Collegiate Academies

Dear Sirs:

Collegiate Academies will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints. Specifically, we will provide additional training to credit card holders as well as Finance staff regarding the appropriate itemized documentation required to be in compliance with Collegiate policies and procedures.

Sincerely,

Davis Zaunbrecher, CSO

2625 Thalia Street
New Orleans, LA 70113