



Financial Report

Hynes Charter School Corporation

June 30, 2023 and 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors,
Hynes Charter School Corporation,
New Orleans, Louisiana.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hynes Charter School Corporation (the “School”) (a non-profit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hynes Charter School Corporation as of June 30, 2023, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in conformity 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 School's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's 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.

Report on Summarized Comparative Information

We have previously audited the School's 2022 financial statements and expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules (pages 21 - 29) are presented for purposes of additional analysis and are not a required part of the financial statements. Schedule I is required by Louisiana Revised Statute 24:513(a)(3). Such information in the supplemental schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 23, 2023 on our consideration of the School’s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is 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 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 School’s internal control over financial reporting and compliance.



Certified Public Accountants.

New Orleans, Louisiana,
October 23, 2023.

STATEMENT OF FINANCIAL POSITION**Hynes Charter School Corporation**

New Orleans, Louisiana

June 30, 2023

(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$10,937,682	\$4,888,495
Cash restricted for student activities	482,141	333,612
Grants and other receivables	2,607,977	2,561,756
Prepaid expenses	56,802	122,159
Inventory	154,339	206,648
Other assets	17,400	17,400
Property and equipment, net	142,507	89,305
	<u>\$14,398,848</u>	<u>\$8,219,375</u>
LIABILITIES		
Accounts payable	\$ 273,200	\$ 187,395
Accrued expenses	1,134,120	878,882
Deferred revenue	150,305	146,051
	<u>1,557,625</u>	<u>1,212,328</u>
NET ASSETS		
Without donor restrictions	12,810,561	6,989,385
With donor restrictions	30,662	17,662
	<u>12,841,223</u>	<u>7,007,047</u>
	<u>\$14,398,848</u>	<u>\$8,219,375</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Hynes Charter School Corporation**
New Orleans, LouisianaFor the year ended June 30, 2023
(with comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals Only
Revenues and Other Support				
Grants:				
Federal	\$ 5,489,099	\$ -	\$ 5,489,099	\$4,264,268
State	-	-	-	82,030
Other	105,458	550,000	655,458	731,875
State and local Minimum Foundation Program	19,027,496	-	19,027,496	14,267,480
Donations	60,099	40,921	101,020	50,405
Student fees	-	648,827	648,827	483,893
Employee Retention Tax Credit	1,816,059	-	1,816,059	-
Miscellaneous revenue	201,739	174	201,913	52,464
Net assets released from restrictions	1,226,922	(1,226,922)	-	-
Total revenues and other support	<u>27,926,872</u>	<u>13,000</u>	<u>27,939,872</u>	<u>19,932,415</u>
Expenses				
Program services	18,197,571	-	18,197,571	15,530,770
Management and general	2,682,085	-	2,682,085	2,479,983
Fundraising	26,040	-	26,040	25,376
Total expenses	<u>20,905,696</u>	<u>-</u>	<u>20,905,696</u>	<u>18,036,129</u>
Increase in net assets from operations	7,021,176	13,000	7,034,176	1,896,286
Contribution to Friends of Hynes for construction of new campus	(1,200,000)	-	(1,200,000)	(555,000)
Increase in net assets	5,821,176	13,000	5,834,176	1,341,286
Net Assets				
Beginning of year	<u>6,989,385</u>	<u>17,662</u>	<u>7,007,047</u>	<u>5,665,761</u>
End of year	<u>\$12,810,561</u>	<u>\$ 30,662</u>	<u>\$12,841,223</u>	<u>\$7,007,047</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Hynes Charter School Corporation**
New Orleans, LouisianaFor the year ended June 30, 2023
(with comparative totals for 2022)

	2023			Total Expenses	2022 Totals Only
	Program Services	Management and General	Fundraising		
Administrative fee	\$ 365,012	\$ -	\$ -	\$ 365,012	\$ 273,104
Advertising	-	6,095	-	6,095	20,066
Depreciation	22,698	2,522	-	25,220	15,062
Disposal services	23,576	2,620	-	26,196	26,756
Dues and fees	27,191	44,171	-	71,362	57,043
Employee benefits and payroll taxes	3,123,198	786,828	6,082	3,916,108	3,580,326
Equipment rental	34,845	14,754	-	49,599	38,566
Food service management	23,745	-	-	23,745	21,255
Information technology services	400,058	5,577	-	405,635	360,675
Insurance	275,476	30,608	-	306,084	314,438
Materials and supplies	1,160,878	39,067	-	1,199,945	784,032
Miscellaneous expense	14,672	22	-	14,694	5,666
Professional development	196,667	54,700	-	251,367	286,066
Professional services	578,284	183,104	-	761,388	816,548
Repairs and maintenance	644,585	71,621	-	716,206	609,274
Salaries and wages	9,770,900	1,367,457	19,958	11,158,315	9,588,899
Textbooks	142,500	-	-	142,500	184,256
Transportation	758,963	-	-	758,963	460,107
Travel	133,164	17,255	-	150,419	82,226
Utilities	501,159	55,684	-	556,843	511,764
	<u>\$18,197,571</u>	<u>\$2,682,085</u>	<u>\$26,040</u>	<u>\$20,905,696</u>	<u>\$18,036,129</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**Hynes Charter School Corporation**

New Orleans, Louisiana

For the year ended June 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 5,834,176	\$1,341,286
Adjustments to reconcile increase in net assets to cash provided by (used in) operating activities:		
Depreciation	25,220	15,062
(Increase) decrease in assets:		
Grants receivable	(46,221)	(1,884,129)
Prepaid expenses	65,357	288,330
Inventory	52,309	(159,819)
Increase (decrease) in liabilities:		
Accounts payable	85,805	92,134
Accrued payroll liabilities	255,238	(186,968)
Deferred revenue	4,254	27,886
	<u>6,276,138</u>	<u>(466,218)</u>
Net cash provided by (used in) operating activities		
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(78,422)</u>	<u>(78,060)</u>
Net Increase (Decrease) in Cash	6,197,716	(544,278)
Cash		
Beginning of year	<u>5,222,107</u>	<u>5,766,385</u>
End of year	<u><u>\$11,419,823</u></u>	<u><u>\$5,222,107</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Hynes Charter School Corporation**

New Orleans, Louisiana

June 30, 2023 and 2022

Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization**

Hynes Charter School Corporation (the "School") is a charter school organization incorporated on March 2, 2006 operating to provide all students with a safe and diverse learning community by empowering them to be proficient readers, writers, and critical thinkers.

The School was granted a five-year charter for the Lakeview Campus by Orleans Parish School Board (OPSB) in 2006. The charter was renewed for an additional six year effective July 1, 2011 and an additional ten years effective July 1, 2017.

The School was granted a five-year charter for the UNO Campus by OPSB in 2019 effective through June 30, 2024 and began principal operations at this location during the year ended June 30, 2020.

The School was granted a five-year charter for the Parkview Campus by OPSB in 2021 effective through June 30, 2026 and began principal operations at this location during the year ending June 30, 2022.

b. Basis of Accounting

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

c. Financial Statement Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Support. revenue, and expenses for general operations.

Net Assets With Donor Restrictions - Contributions and grants specifically authorized by the donor or grantor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School.

d. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

e. Cash and Cash Equivalents

The School classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less. As of June 30, 2023 and 2022, there were no cash equivalents.

f. Grants Receivable

Grants receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are fully collectible.

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

g. Equipment and Depreciation

Equipment is capitalized at cost and updated for additions and retirements during the year. The net carrying amount is considered the net realizable value. Donated property and equipment are recorded at fair market value as of the date received. The School maintains a capitalization threshold of \$5,000 for equipment. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend an asset's life are expensed. All reported equipment is depreciated using the straight-line method over three to ten years.

h. Inventory

Inventory is carried at the lower of cost or net realizable value and, as of June 30, 2023 and 2022, consisted of textbooks and other teaching materials and supplies.

i. Deferred Revenue

The School obtains payment of a \$95 student activity fee per student and a \$100 French immersion fee, as applicable, at the time of registration of the subsequent year, during the spring of the current year. Revenues from these fees are recognized in the year in which they are earned. Fees collected in the current year that apply to the subsequent year are deferred.

j. Revenue Recognition

Donations received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants.

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

j. Revenue Recognition (Continued)

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and OPSB. For the years ended June 30, 2023 and 2022, the School received \$7,386,194 and \$5,972,285, respectively, from the state and \$10,616,633 and \$8,295,195, respectively, from OPSB, in addition to \$1,024,669 received during the year ended June 30, 2023, which related to prior years. MFP revenue accounts for 68% and 72% of the School's total revenue for the years ended June 30, 2023 and 2022, respectively.

k. Functional Allocation of Expenses

As required under the FASB Accounting Standards Update (ASU) No. 2016-14, "*Not-for-Profit Entities*" (Topic 958), the School has presented a statement of functional expense as part of its audited financial statements. The financial statements of the School report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, certain depreciation, disposal services, dues and fees, equipment rental, insurance, materials and supplies, professional services, repairs and maintenance, and utilities require allocation based on the square footage of the school campus. Information technology services are allocated based on a count of all computer equipment. Certain salaries and wages and the related employee benefits and payroll taxes are allocated based on management's estimate of time and effort.

l. Tax Matters

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to Federal income tax unless the School has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2023, management of the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2020 and later remain subject to examination by the taxing authorities.

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

m. Recently Issued Accounting Standards

Leases

In February 2016, the FASB issued ASU No. 2016-02, “*Leases*” (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use asset representing the lessee’s right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. The adoption of this standard during the year ended June 30, 2023 did not have a material effect on the School’s financial statements.

Lease Discount Rate

In November 2021, the FASB issued ASU No. 2021-09, “*Leases*” (Topic 842) “*Lease Discount Rate for Lessees That Are Not Public Business Entities*” currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 are required to adopt the amendments in this update at the same time that they adopt Topic 842. The adoption of this standard during the year ended June 30, 2023 did not have a material effect on the School’s financial statements.

n. Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 financial statement presentation.

o. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 23, 2023, which is the date the financial statements were available to be issued.

Note 2 - CONCENTRATIONS OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has a written policy for custodial credit risk. The School maintains its cash with a financial institution where the accounts are insured by Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023, the School's bank balances in excess of insured amounts was approximately \$11,174,000. The School has not experienced any losses in such accounts in the past. By its examination of the financial institution's most recent quarterly Federal Financial Institution's Examination Council's (FFEIC) Uniform Bank Performance Report, management believes it is not exposed to any significant credit risk from cash.

Note 3 - CASH RESTRICTED FOR STUDENT ACTIVITIES

The School maintains separate bank accounts for student activities. The accounts are for collected student activity fees and Husky Care (before and after-school care program) fees. Restricted student activity funds amounted to \$482,141 and \$333,612 as of June 30, 2023 and 2022, respectively, and are reported as cash restricted for student activities in the Statements of Financial Position.

Note 4 - GRANT AND OTHER RECEIVABLES

Grant and other receivables were comprised of the following as of June 30, 2023 and 2022:

	2023	2022
Grant receivables:		
Title I	\$ 380,251	\$ 158,728
Title II	42,309	31,346
Title IV	20,570	22,131
IDEA	130,209	44,249
Charter School Program	271,279	614,328
High Cost Funds (HCF)	18,548	99,750
Minimum Foundation Program	-	567,353
Elementary and Secondary School Emergency Relief (ESSER)	1,698,932	1,015,914
Total grant receivables	2,562,098	2,553,799
Other receivables	45,879	7,957
Total grant and other receivables	\$ 2,607,977	\$ 2,561,756

Note 5 - PROPERTY AND EQUIPMENT

Equipment as of June 30, 2023 and 2022 consists of the following:

	2023	2022
Equipment	\$ 220,310	\$ 149,139
Construction in progress	7,250	-
Total property and equipment	227,560	149,139
Less accumulated depreciation	(85,053)	(59,834)
Property and equipment, net	\$ 142,507	\$ 89,305

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$25,220 and \$15,062, respectively.

Note 6 - COMPENSATED ABSENCES

Teachers and staff are allowed a maximum of ten cumulative sick and personal days per year. For the years ended June 30, 2023 and 2022, earned and unused sick and personal days can be paid to employees at a rate of \$80 per day following the School's fiscal year end. Faculty and staff are allowed to carry over up to three unused sick and personal days to the following year. The School has accrued \$59,288 and \$49,053 of unpaid leave as of June 30, 2023 and 2022, respectively, which is included in accrued expenses on the Statements of Financial Position.

Note 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022 are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Instructional and other	\$ 30,662	\$ 17,662

Note 7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions during the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Purpose restrictions satisfied:		
Before/after care and student fees	\$ 648,827	\$442,959
Instructional and other	578,095	429,991
Total net assets released	\$1,226,922	\$872,950

Note 8 - RETIREMENT PLAN

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code (IRC). The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after ten years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll; the School was required to contribute 24.8% and 25.2% of the annual covered payroll of each participating employee for the years ended June 30, 2023 and 2022, respectively. These contribution levels are established by state law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2023 and 2022, School contributions to this plan totaled \$2,573,783 and \$2,258,220, respectively.

Note 9 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, the School had related party expenses totaling \$960,966 and \$869,316, respectively, with OPSB, the School's Local Educational Agency. There was no receivable balance due from OPSB as of June 30, 2023 and 2022. There were no amounts payable due to OPSB as of June 30, 2023 and 2022.

Note 9 - RELATED PARTY TRANSACTIONS (Continued)

During the years ended June 30, 2023 and 2022, the School paid \$722,705 and \$613,266, respectively, in administrative and other fees to OPSB. In addition, the School incurred \$214,516 and \$234,795 of related party expenses of OPSB for insurance costs on their current locations under the lease agreement for the years ended June 30, 2023 and 2022, respectively.

The remaining related party expenses of \$23,745 and \$21,255 are for the food services provided by OPSB for meals at the School for the years ended June 30, 2023 and 2022, respectively.

During the year ended June 30, 2023, the School received \$52,200 from the PTO, affiliated as the parent organization of the students enrolled at the School, which is included in donations on the Statement of Activities. The PTO receives the use of the School's facilities rent free during the year to host meetings or events. There were no amounts received from the Hynes Parent Teacher Organization (PTO) during the year ended June 30, 2022.

The School and Friends of Hynes have entered into a Cooperative Endeavor Agreement on September 28, 2020 to formalize their partnership for the purpose of constructing a new Hynes UNO Campus. The UNO Campus will be owned by Friends of Hynes and leased to the School. During the years ended June 30, 2023 and 2022, the School made contributions of \$1,200,000 and \$555,000, respectively, to Friends of Hynes for the construction.

Note 10 - SCHOOL OPERATIONS/LEASEHOLD INTEREST

Effective January 1, 2013, the School renewed an operating agreement with OPSB, which allows the School to use the Lakeview Campus and its contents located at 990 Harrison Ave., New Orleans, Louisiana 70124, or any other locations as may be approved by the School and OPSB. The agreement was extended on July 1, 2021 and will expire on June 30, 2027. The agreement may be renewed for a period of one year at the option of OPSB. For the use of the facilities, the School reimburses property insurance and other costs to OPSB through a usage fee. The School paid \$128,627 and \$125,317 for the years ended June 30, 2023 and 2022, respectively, in usage fees.

Effective August 1, 2019, the School signed an operating agreement with OPSB, which allows the School to use the UNO Campus and its contents located at 6101 Chatham Dr., New Orleans, Louisiana 70122, or any other locations that may be approved by the School and OPSB. This agreement was extended on July 1, 2021 and will expire June 30, 2024. The agreement may be renewed for a period of one year at the option of OPSB. For the use of the facilities, the School reimburses property insurance costs to OPSB through a usage fee. The School paid \$39,190 for the year ended June 30, 2022 in usage fees. There were no usage fees assessed to the School for the year ended June 30, 2023.

Note 10 - SCHOOL OPERATIONS/LEASEHOLD INTEREST (Continued)

Effective July 1, 2021, the School signed an operating agreement with OPSB, which allows the School to use the Parkview Campus and its contents located at 4617 Mirabeau Avenue., New Orleans, Louisiana 70126, or any other locations that may be approved by the School and OPSB. This agreement will expire on June 30, 2026. The agreement may be renewed for a period of one year at the option of OPSB. For the use of the facilities, the School reimburses property insurance costs to OPSB through usage fees. The School paid \$85,889 and 70,288 for the years ended June 30, 2023 and 2022, respectively, in usage fees.

As of June 30, 2023 and 2022, the School has a \$10,000 security deposit with OPSB.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. Any and all capital projects to the premises shall become property of the Lessor, regardless of the source of funds for making same, unless the parties agree otherwise in writing.

Note 11 - AVAILABILITY OF FINANCIAL ASSETS

The School is substantially supported by grants and donations on an unrestricted and restricted basis. Because a grantor or donor's restriction requires resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its grantors and donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, management established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Management established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

Note 11 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following reflects the School's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of grantor or donor-imposed restrictions.

	2023	2022
Financial assets:		
Cash	\$10,937,682	\$4,888,495
Grants receivable	2,607,977	2,561,756
Total financial assets	13,545,659	7,450,251
Less amounts unavailable for general expenditures within one year, due to:		
Grantor and donor imposed restrictions:		
Restricted by grantors and donors with purpose restriction	(30,662)	(17,662)
Financial assets available to meet cash needs for general expenditures within one year	\$13,514,997	\$7,432,589

Note 12 - COMMITMENTS

The School has employment contracts as is standard in the field of education with most of its teachers and staff for the year ended June 30, 2023 which are paid through various end dates through August 31, 2023. All contracts provide for a minimum annual salary and other benefits. Remaining amounts to be paid on these contracts are included in accrued expenses on the Statement of Financial Position.

The School entered into a lease agreement with Friends of Hynes, a related party, to lease a school facility for fifty years commencing upon substantial completion of the construction of the school facility, expected to be during the summer of 2024. Lease payment terms have yet to be set and will be based upon actual construction and operation costs upon completion of the construction. Because these amounts are not reasonably estimable at this time, no provision for right-of-use assets or lease liabilities have been made in these financial statements.

The School is guarantor on a construction loan agreement for Friends of Hynes providing for principal draws up to \$25,652,000.

Note 13 - 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 OPSB. 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 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 14 - RISK MANAGEMENT

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the years ended June 30, 2023 and 2022.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Hynes Charter School Corporation
New Orleans, Louisiana

For the year ended June 30, 2023

Agency Head Name: Michelle Douglas, Chief Executive Officer

Purpose

Salary	\$202,584
Benefits - insurance	6,777
Benefits - retirement	50,169
Deferred compensation	0
Workers compensation	972
Benefits - life insurance	0
Benefits - long term disability	0
Benefits - FICA and Medicare	2,846
Benefits - unemployment	72
Car allowance	0
Vehicle provided by government	0
Cell phone	866
Dues	4,950
Vehicle rental	0
Per diem	0
Tuition reimbursements	0
Travel	6,663
Registration fees	0
Conference travel	0
Unvouchered expenses	0
Meetings and conventions	0
Other	0
	<hr/>
	\$275,899
	<hr/> <hr/>

SCHEDULE OF ACTIVITIES - LAKEVIEW CAMPUS**Hynes Charter School Corporation**

New Orleans, Louisiana

For the year ended June 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Revenues and Other Support		
Grants:		
Federal	\$ 1,843,380	\$1,361,305
State	-	78,599
Other	43,269	79,373
State and local Minimum Foundation Program	8,293,438	6,975,262
Donations	49,808	18,696
Student fees	358,004	291,744
Employee Retention Tax Credit	-	-
Miscellaneous revenue	92,530	50,019
	<u>10,680,429</u>	<u>8,854,998</u>
Expenses		
Administrative fee	160,345	135,119
Advertising	1,675	1,500
Depreciation	19,391	11,414
Disposal services	10,624	10,880
Dues and fees	22,367	15,946
Employee benefits and payroll taxes	1,431,143	1,529,331
Equipment rental	22,752	20,105
Food service management	10,650	10,710
Information technology services	177,882	136,916
Insurance	168,952	165,138
Materials and supplies	321,061	268,136
Miscellaneous expense	3,835	4,523
Professional development	108,254	89,008
Professional services	308,746	248,809
Repairs and maintenance	224,564	179,588
Salaries and wages	4,460,233	4,014,294
Textbooks	64,701	62,917

**Schedule 2
(Continued)**

	<u>2023</u>	<u>2022</u>
Expenses (Continued)		
Transportation	40,044	31,344
Travel	60,920	64,495
Utilities	<u>267,930</u>	<u>257,674</u>
Total expenses	<u>7,886,069</u>	<u>7,257,847</u>
Expenses allocated from other campuses	<u>586,000</u>	<u>630,879</u>
Increase in net assets after allocations	<u><u>\$2,208,360</u></u>	<u><u>\$ 966,272</u></u>

SCHEDULE OF ACTIVITIES - UNO CAMPUS**Hynes Charter School Corporation**

New Orleans, Louisiana

For the year ended June 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Revenues and Other Support		
Grants:		
Federal	\$1,168,827	\$ 913,192
State	-	3,431
Other	415,836	159,002
State and local Minimum Foundation Program	4,808,402	3,035,800
Donations	14,940	9,072
Student fees	194,098	132,420
Employee Retention Tax Credit	-	-
Miscellaneous revenue	53,057	3,764
	<u>6,655,160</u>	<u>4,256,681</u>
Total revenues and other support		
Expenses		
Administrative fee	92,634	58,419
Advertising	1,230	-
Depreciation	3,654	3,648
Disposal services	8,073	7,836
Dues and fees	6,889	3,144
Employee benefits and payroll taxes	895,543	681,311
Equipment rental	14,766	7,210
Food service management	5,910	4,500
Information technology services	80,101	56,893
Insurance	23,774	55,116
Materials and supplies	505,931	235,334
Miscellaneous expense	10,469	482
Professional development	56,542	81,230
Professional services	212,750	193,762
Repairs and maintenance	70,962	51,468
Salaries and wages	2,539,598	1,829,204
Textbooks	20,763	62,689

**Schedule 3
(Continued)**

	2023	2022
Expenses (Continued)		
Transportation	140,008	76,882
Travel	14,832	3,558
Utilities	112,138	89,505
Total expenses	4,816,567	3,502,191
Expenses allocated from other campuses	346,000	264,116
Increase in net assets	\$1,492,593	\$ 490,374

SCHEDULE OF ACTIVITIES - PARKVIEW CAMPUS**Hynes Charter School Corporation**

New Orleans, Louisiana

For the year ended June 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Revenues and Other Support		
Grants:		
Federal	\$2,104,591	\$1,833,887
State	-	-
Other	161,353	493,500
State and local Minimum Foundation Program	5,925,656	4,256,418
Donations	28,772	6,147
Student fees	96,725	22,711
Employee Retention Tax Credit	-	-
Miscellaneous revenue	56,326	35,699
	<u>8,373,423</u>	<u>6,648,362</u>
Total revenues and other support		
Expenses		
Administrative fee	108,957	79,566
Advertising	780	300
Depreciation	2,175	-
Disposal services	7,499	8,040
Dues and fees	3,581	1,061
Employee benefits and payroll taxes	1,221,607	1,042,009
Equipment rental	12,081	10,626
Food service management	7,185	6,045
Information technology services	139,259	162,726
Insurance	113,358	94,184
Materials and supplies	349,556	250,210
Miscellaneous expense	390	421
Professional development	61,349	112,082
Professional services	200,498	293,073
Repairs and maintenance	420,680	378,039
Salaries and wages	3,038,510	2,778,885
Textbooks	57,036	58,650

**Schedule 4
(Continued)**

	<u>2023</u>	<u>2022</u>
Expenses (Continued)		
Transportation	578,911	351,881
Travel	14,853	5,337
Utilities	<u>176,775</u>	<u>164,585</u>
Total expenses	<u>6,515,040</u>	<u>5,797,720</u>
Expenses allocated from other campuses	<u>400,000</u>	<u>411,002</u>
Increase in net assets	<u><u>\$1,458,383</u></u>	<u><u>\$ 439,640</u></u>

SCHEDULE OF ACTIVITIES - NETWORK OFFICE**Hynes Charter School Corporation**

New Orleans, Louisiana

For the year ended June 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Revenues and Other Support		
Grants:		
Federal	\$ 372,301	\$ 155,884
State	-	-
Other	35,000	-
State and local Minimum Foundation Program	-	-
Donations	7,500	16,490
Student fees	-	-
Employee Retention Tax Credit	1,816,059	-
Miscellaneous revenue	-	-
	<u>2,230,860</u>	<u>172,374</u>
Expenses		
Administrative fee	3,076	-
Advertising	2,410	18,266
Depreciation	-	-
Disposal services	-	-
Dues and fees	38,525	36,892
Employee benefits and payroll taxes	367,815	327,675
Equipment rental	-	625
Food service management	-	-
Information technology services	8,393	4,140
Insurance	-	-
Materials and supplies	23,397	30,352
Miscellaneous expense	-	240
Professional development	25,222	3,746
Professional services	39,394	80,904
Repairs and maintenance	-	179
Salaries and wages	1,119,974	966,516
Textbooks	-	-

**Schedule 5
(Continued)**

	2023	2022
Expenses (Continued)		
Transportation	-	-
Travel	59,814	8,836
Utilities	-	-
	1,688,020	1,478,371
Total expenses		
Expenses allocated to other campuses	(1,332,000)	(1,305,997)
Increase in net assets	\$1,874,840	\$ -

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors,
Hynes Charter School Corporation,
Louisiana, Louisiana.

We have audited, 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 of America, the financial statements of Hynes Charter School Corporation (a non-profit organization) (the “School”) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the School’s financial statements, and have issued our report thereon dated October 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s 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 School’s 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 a material weakness 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,
October 23, 2023.

INDEPENDENT AUDITOR’S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors,
Hynes Charter School Corporation,
New Orleans, Louisiana.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Hynes Charter School Corporation (the “School”) 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 School’s major federal programs for the year ended June 30, 2023. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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, 2023.

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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 School's 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 School's federal programs.

Auditor's 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 School's 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 School's 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 School's 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 School's 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 School's 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 Auditor's 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
October 23, 2023.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Hynes Charter School Corporation
New Orleans, Louisiana

For the year ended June 30, 2023

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Costs</u>
United States Department of Education			
Pass-through Programs From:			
Louisiana Department of Education:			
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	\$ 360,473	\$ -
Special Education Preschool Grants	84.173	<u>12,088</u>	<u>-</u>
Total Special Education Cluster (IDEA)		372,561	-
Title 1 Grants to Local Educational Agencies	84.010	660,308	-
Charter Schools	84.282	1,110,718	-
Supporting Effective Instruction State Grants	84.367	68,005	-
Student Support and Academic Enrichment Program	84.424	48,756	-
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	<u>3,228,751</u>	<u>-</u>
Total expenditures of federal awards		<u>\$5,489,099</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Hynes Charter School Corporation New Orleans, Louisiana

For the year ended June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Hynes Charter School Corporation (the "School"). The School's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2023. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

b. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the School's financial statements for the year ended June 30, 2023.

c. Indirect Cost Rate

The School has elected to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

Section I - Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.425	United States Department of Education Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? X Yes No

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2023.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2023.

Section III - Federal Award Findings and Questioned Costs

Internal Control/Compliance

There were no findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2023 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Hynes Charter School Corporation New Orleans, Louisiana

For the year ended June 30, 2023

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2022 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2022 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2022.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2022.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2022.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Hynes Charter School Corporation New Orleans, Louisiana

For the year ended June 30, 2023

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2023 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2023 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2023, related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2023.

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)
(UNAUDITED)

INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees,
Hynes Charter School Corporation,
New Orleans, Louisiana.

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Hynes Charter School Corporation (the “School”), for the fiscal year ended June 30, 2023, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514(I). Management of the School is responsible for its 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 associated findings are as follows:

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

1. We selected a random sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on Schedule 1.
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures

Results: No exceptions were noted.

Class Size Characteristics (Schedules 2a through 2c)

2. We obtained a list of classes by school, school type, and class size as reported on the schedules. We traced a sample of ten classes to the October 1, 2022 roll books for those classes and observed that the class was properly classified on the schedules.

Results: No exceptions were noted.

Education Levels/Experience of Public School Staff

3. We obtained the October 1, 2022 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 obtained management's representation that the data was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Exceptions noted: Two sampled individuals' education levels were incorrectly reported on the October 1, 2022 PEP data submitted to the Department of Education.

Public School Staff Data: Average Salaries

4. We obtained the June 30, 2023 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 obtained management's representation that the listing was complete. We selected a sample of 25 individuals, traced to each individual's personnel file, and observed 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: Exceptions noted: Two sampled individuals' total salaries were incorrectly reported on the June 30, 2023 PEP data submitted to the Department of Education.

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.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Hynes Charter School Corporation as required by Louisiana Revised Statute 24:514.1, 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
October 23, 2023.

**GENERAL FUND INSTRUCTIONAL AND SUPPORT
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES**

**Hynes Charter School Corporation
New Orleans, Louisiana**

For the year ended June 30, 2023
(Unaudited)

General Fund Instructional and Equipment Expenditures

Instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 5,475,658	
Other instructional staff salaries	994,056	
Instructional staff employee benefits	2,366,518	
Purchased professional and technical services	221,826	
Instructional materials and supplies	381,223	
Instructional equipment	<u>-</u>	
Total teacher and student interaction activities		\$ 9,439,281
Other instructional activities		1,012,164
Pupil support services	284,216	
Less: equipment for pupil support services	<u>-</u>	
Net pupil support services		284,216
Instructional staff services	174,821	
Less: equipment for instructional staff services	<u>-</u>	
Net instructional staff services		174,821
School administration	1,300,339	
Less: equipment for school administration	<u>-</u>	
Net school administration		<u>1,300,339</u>
Total general fund instructional expenditures		<u><u>\$ 12,210,821</u></u>

* Remainder of the BESE Schedule 1 does not apply to the School.

See independent accountant's report on applying Agreed-Upon Procedures.

CLASS SIZE CHARACTERISTICS**Hynes Charter School Corporation
Lakeview Campus
New Orleans, Louisiana**As of October 1, 2022
(Unaudited)

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	36%	91	22%	54	42%	105	0%	1
Elementary Activity Classes	20%	6	17%	5	53%	16	10%	3
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note:

The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students, and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See independent accountant's report on applying Agreed-Upon Procedures.

CLASS SIZE CHARACTERISTICS**Hynes Charter School Corporation
UNO Campus
New Orleans, Louisiana**As of October 1, 2022
(Unaudited)

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	25%	36	65%	93	9%	13	1%	1
Elementary Activity Classes	7%	1	79%	11	14%	2	0%	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note:

The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students, and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See independent accountant's report on applying Agreed-Upon Procedures.

CLASS SIZE CHARACTERISTICS**Hynes Charter School Corporation
Parkview Campus
New Orleans, Louisiana**As of October 1, 2022
(Unaudited)

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	34%	54	34%	54	32%	51	0%	-
Elementary Activity Classes	0%	-	48%	14	52%	15	0%	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note:

The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students, and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See independent accountant's report on applying Agreed-Upon Procedures.



Hynes Charter School Corporation
Michelle B. Douglas, Ed.D.
Chief Executive Officer
990 Harrison Avenue
New Orleans, Louisiana 70124

October 23, 2023

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

through

Mr. Paul Pechon, CPA
Bourgeois Bennett, LLC
P. O. Box 60600
New Orleans, Louisiana
70160-0600

Re: Management's Response to the Board of Elementary and Secondary Agreed-Upon Procedures for Hynes Charter School Corporation

Dear Mr. Pechon:

Testing of the Profile of Educational Personnel (PEP) data for fiscal year ending June 30, 2023, yielded exceptions as follows: Two sampled individuals had incorrect education levels and two sampled individuals had incorrect total salaries in the PEP data reported to the Department of Education. Hynes personnel analyzed the reasons for the discrepancies and alternate procedures are being implemented to prevent future reporting errors.

With warm regards,

Michelle B. Douglas, Ed.D.
Chief Executive Officer

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
Hynes Charter School Corporation,
New Orleans, Louisiana.

We have performed the procedures described in Schedule 3 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2022 through June 30, 2023 (the fiscal period). Hynes Charter School Corporation (the “School”) 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 the LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 3.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
October 23, 2023.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Hynes Charter School Corporation
New Orleans, Louisiana

For the year ended June 30, 2023

The required procedures and our findings are as follows:

1. Procedures Performed on the School's Written Policies and Procedures:

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

i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

ii. 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.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iii. Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions.

Performance: Obtained and read the written policy for receipts/collections and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

1. Procedures Performed on the School's Written Policies and Procedures: (Continued)

- v. 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.
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the written policy for contracting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- viii. 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).
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- ix. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that all employees, including elected officials, annually attest through signature verification that they have read the School's ethics policy.
Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not applicable for not-for-profit entities.

1. Procedures Performed on the School's Written Policies and Procedures: (Continued)

- xi. 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.

Performance: Obtained and read the written policy for information technology disaster recovery/business continuity and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. Not applicable for not-for-profit entities.

2. Procedures Performed on the School's Board:

- A. 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:

1. 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, or other equivalent document.

Performance: The School's bylaws require one annual and 4 quarterly meetings. We obtained and read minutes from 9 board meetings during the year ended June 30, 2023. The frequency of and quorum representation of those meetings was considered to be appropriate.

Exceptions: There were no exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those funds comprised more than 10% of the entity's collections during the fiscal period.*

Performance: Inspected meeting minutes and confirmed that the minutes referenced or included budget-to-actual comparisons relating to public funds.

Exceptions: There were no exceptions noted.

2. Procedures Performed on the School's Board: (Continued)

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable. The School is a nonprofit organization. The governmental accounting model is not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until findings are considered fully resolved.

Not applicable. There were no audit findings in the prior year.

3. Procedures Performed on the School's Bank Reconciliations:

- A. Obtain a listing of the School's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the School's main operating account and 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:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of April for the main operating bank account and 4 other accounts (May for the Whitney Reserve account). Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the School's documentation for the April (May for the Whitney Reserve account) bank reconciliation for the 5 bank accounts and verified a member of management who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliation.

Exceptions: There were no exceptions noted.

3. Procedures Performed on the School's Bank Reconciliations: (Continued)

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

Performance: Inspected documents for items outstanding for more than 12 months.

We noted 1 check outstanding for longer than 12 months as of the end of the fiscal period. The School was able to produce documentation showing research of the outstanding check. We examined the documentation showing that the amount was double paid.

Exceptions: There were no exceptions noted.

4. Procedures Performed on the School's Collections:

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select 5 deposit sites (or all deposit sites if less than 5).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

- B. 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 (e.g., 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:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

1. Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

4. Procedures Performed on the School's Collections: (Continued)

- iii. 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.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- iv. 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 verifies the reconciliation.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- C. 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.

Performance: Obtained a copy of the insurance policy for theft covering all employees who have access to cash. Observed that the insurance policy for theft was enforced during the fiscal period.

Exceptions: There were no exceptions noted.

- D. Randomly select 2 deposit dates for each of the School's 5 bank accounts selected for procedures #3A under "Procedures Performed on the School's 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits selected and:

1. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

4. Procedures Performed on the School's Collections: (Continued)

- iv. Observe that 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 any cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There were no exceptions noted.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There was no exceptions noted.

5. Procedures Performed on the School's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

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

Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

- B. For each location selected under #5A 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 School has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase.

Obtained written policies and procedures relating to employee job duties.

Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- ii. At least 2 employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

5. Procedures Performed on the School's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- iii. The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Obtained a listing of employees involved in processing payments to vendors. Management confirmed and we observed that no employees processing payments are involved in adding/modifying vendor files.

Exceptions: There were no exceptions noted.

- iv. 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.

Performance: Obtained a listing of employees involved with signing and mailing checks and verified they are not involved in the processing of payments.

Exceptions: There were no exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearing house (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Performance: Obtained a listing of employees involved with signing checks and verified they are the only ones authorized to approve electronic disbursements.

Exceptions: There were no exceptions noted.

- C. For each location selected under #5A 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. Select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the School's non-payroll disbursement transaction population and management's representation in a separate letter that the population is complete.

Selected 5 disbursements from the sole location that processes payment for testing.

Exceptions: There were no exceptions noted.

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

Performance: Observed the 5 disbursements matched the related original invoice/billing statements.

Exceptions: There were no exceptions noted.

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

5. Procedures Performed on the School's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- D. Using the entity's main operating account and the month selected in "Procedures Performed on the School's Bank Reconciliations" procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Performance: Selected 5 non-payroll-related electronic disbursements. Observed the 5 disbursements included evidence of approval by an authorized person and approval by the required number of authorized signers.

Exceptions: There were no exceptions noted.

6. Procedures Performed on the School's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

- A. 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.

Performance: Obtained 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 and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. 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:

1. Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed evidence that the statements selected and related supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

**6. Procedures Performed on the School's Credit Cards, Debit Cards, Fuel Cards, P-Cards:
(Continued)**

- ii. Observed that finance charges and/or late fees were not assessed on the selected statements.

Performance: Observed that there were no finance charges and/or late fees assessed on the selected statements.

Exceptions: There were no exceptions noted.

- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, 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, report whether the transaction is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that the transactions from the monthly statements were supported by original itemized receipts that identify precisely what was purchased.

Exceptions: There were no exceptions noted.

- ii. Written documentation of the business/public purpose.

Performance: Observed that the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

- iii. Documentation of the individuals participating in meals (for meal charges only).

Performance: Observed that selected transactions for meal charges were supported by documentation of the individuals participating in the meals.

Exceptions: There were no exceptions noted.

7. Procedures Performed on the School's Travel and Travel-Related Expense Reimbursements:

- A. 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:

Performance: Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Obtained the related expense reimbursement form and supporting documentation for 5 reimbursements.

Exceptions: There were no exceptions noted.

**7. Procedures Performed on the School's Travel and Travel-Related Expense Reimbursements:
(Continued)**

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Agreed the reimbursement rate for the 5 selected reimbursements using a per diem rate to those rates established by the State of Louisiana.

Exceptions: There were no exceptions noted.

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

Performance: N/A - each of the reimbursements selected in 7A were at per diem rates.

- iii. Observe that 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 (procedures #1A(vii)).

Performance: Observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy (procedures #1A(viii)).

Exceptions: There were no exceptions noted.

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

Performance: Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person that received the reimbursement.

Exceptions: There were no exceptions noted.

8. Procedures Performed on the School's Contracts:

- A. 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, and:

Performance: Obtained 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 and selected 5 contracts for testing. Obtained management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

8. Procedures Performed on the School's Contracts: (Continued)

1. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Performance: Observed that the contracts selected did not require the bids to be in accordance with Louisiana Public Bid Law.
Exceptions: There were no exceptions noted.
- ii. Observe that the contract was approved by the governing body, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
Performance: Observed that the contracts selected did not require Board approval.
Exceptions: There were no exceptions noted.
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with the contract terms.
Performance: Observed that the contracts selected were not amended.
Exceptions: There were no exceptions noted.
- iv. Randomly select 1 payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
Performance: Randomly selected 1 payment for each of the 5 contracts and obtained supporting invoices, agreed invoices to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.
Exceptions: There were no exceptions noted.

9. Procedures Performed on the School's Payroll and Personnel:

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, paid salaries, and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Performance: Obtained a listing of employees employed during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected 5 employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
Exceptions: There were no exceptions noted.
- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

9. Procedures Performed on the School's Payroll and Personnel: (Continued)

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave record for proper documentation.
Exceptions: There were no exceptions noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees/ officials.
Performance: Observed that supervisors approved the attendance and leave of the selected employees.
Exceptions: There were no exceptions noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the School's cumulative leave records.
Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.
Exceptions: There were no exceptions noted.
 - iv. Observe that the rate paid to the employees agree to the authorized salary/pay rate found within the personnel file.
Performance: Agreed the pay rates to authorized salary/pay rates maintained in employee files.
Exceptions: There were no exceptions noted.
- C. Obtain from management a list of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees' or officials' cumulative leave records, and agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to the School's policy.
Performance: Obtained a listing of those employees that received termination payments during the fiscal period from management and received management's representation in a separate letter that the listing is complete. The hours used in management's termination payment calculations were agreed to cumulative leave records, pay rates were agreed to authorized pay rates in the personnel files, and we agreed the termination payment to entity policy.
Exceptions: There were no exceptions noted.

9. Procedures Performed on the School's Payroll and Personnel: (Continued)

- D. 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.

Performance: Obtained management's representation that employer and employee portions of third-party payroll accounts have been paid, and any associated forms have been filed by the required deadlines.

Exceptions: There were no exceptions noted.

10. Procedure Performed on the School's Ethics:

- A. Using the 5 selected employees/officials from procedure #9A under "Procedures Performed on the School's Payroll and Personnel", obtain ethics compliance documentation from management and:

- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

Performance: Obtained documentation of each of the employees selected in #9A had completed the required one hour of ethics training.

Exceptions: There were no exceptions noted.

- ii. Observe whether the School maintains documentation which demonstrates each employee and official were notified of any changes to the School's ethics policy during the fiscal period, as applicable.

Not applicable as there were no changes to the School's ethics policy during the fiscal period.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Performance: Observed that the School has appointed an ethics designee.

Exceptions: There were no exceptions noted.

11. Procedures Performed on the School's Debt Service:

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instruments issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable for not-for-profit entities.

11. Procedures Performed on the School's Debt Service: (Continued)

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable for not-for-profit entities.

12. Procedures Performed on the School's Fraud Notice:

- A. 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 as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period, none were noted.

Exceptions: There were no exceptions noted.

- B. Observe that 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.

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

13. Procedures Performed on the School's Information Technology Disaster Recovery/Business Continuity:

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management".

- i. Obtain and inspect the School's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

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

- ii. 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.

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

13. Procedures Performed on the School's Information Technology Disaster Recovery/Business Continuity: (Continued)

- iii. 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.

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

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected employees have been removed or disabled from the network.

Performance: We observed that the 5 terminated employees selected were properly removed from the network.

Exceptions: There were no exceptions noted.

14. Procedures Performed on the School's Sexual Harassment:

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Procedures Performed on the School's Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/ official completed at least one hour of sexual harassment training during the calendar year.

Not applicable for not-for-profit entities.

- B. Observe that the School has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the School's premises if the School does not have a website).

Not applicable for not-for-profit entities.

- C. Obtain the School's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements.

Not applicable for not-for-profit entities.

- ii. Number or sexual harassment complaints received by the agency.

Not applicable for not-for-profit entities.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.

Not applicable for not-for-profit entities.

14. Procedures Performed on the School's Sexual Harassment: (Continued)

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

Not applicable for not-for-profit entities.

v. Amount of time it took to resolve each complaint.

Not applicable for not-for-profit entities.

Management's Overall Response to Exceptions:

There were no exceptions noted.