

**COMMUNITY ACADEMIES
OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Audit of Financial Statements

June 30, 2022



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Independent Auditor's Report

To the Board of Directors
Community Academies of New Orleans, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Academies of New Orleans, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2022, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principals 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 Organization 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.

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 judgement made by a reasonable user based on the financial statements.

In performing the 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 Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of board of directors, and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A(3), are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying combining statement of financial position by school and combining statement of activities and changes in net Assets by school are presented for purposes of additional analysis and are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
December 27, 2022

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Statement of Financial Position
June 30, 2022

Assets

Current Assets

Cash	\$ 795,523
Grants Receivable	3,303,548
Prepaid Expenses	312,680
Other Receivables	<u>86,768</u>

Total Current Assets 4,498,519

Property and Equipment

Furniture, Fixtures, and Equipment	17,708
Leasehold Improvements	328,110
Less: Accumulated Depreciation	<u>(32,139)</u>

Net Property and Equipment 313,679

Total Assets \$ 4,812,198

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 967,791
Accrued Expenses	287,603
Deferred Revenue	<u>212,872</u>

Total Current Liabilities 1,468,266

Net Assets

Without Donor Restrictions	<u>3,343,932</u>
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Total Net Assets 3,343,932

Total Liabilities and Net Assets \$ 4,812,198

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

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
State and Local Public School Funding			
Minimum Foundation Program	\$ 14,169,177	\$ -	\$ 14,169,177
Federal Grants	6,724,775	-	6,724,775
Federal School Lunch Program	1,162,385	-	1,162,385
Private Grants and Contributions	365,737	-	365,737
Other State Funding	196,960	-	196,960
Other Income	138,048	-	138,048
Interest Income	276	-	276
Total Support and Revenue	22,757,358	-	22,757,358
Expenses			
Program Services - Student Instruction and Activities			
Regular Education	8,662,582	-	8,662,582
Special Education	2,940,146	-	2,940,146
Special Programs	386,802	-	386,802
Pupil Support	407,568	-	407,568
Supporting Services			
School Administration	1,995,454	-	1,995,454
Instructional Staff Support	19,421	-	19,421
Management and General	6,347,356	-	6,347,356
Total Expenses	20,759,329	-	20,759,329
Change in Net Assets	1,998,029	-	1,998,029
Net Assets, Beginning of Year	1,345,903	-	1,345,903
Net Assets, End of Year	\$ 3,343,932	\$ -	\$ 3,343,932

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

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services - Student Instruction and Activities				Supporting Services			Total
	Regular Education	Special Education	Special Programs	Pupil Support	School Administration	Instructional Staff Support	Management and General	
Expenses								
Salaries	\$ 5,622,392	\$ 1,888,329	\$ 333,158	\$ 177,284	\$ 1,655,803	\$ -	\$ 1,579,962	\$ 11,256,928
Purchased Transportation Service	1,703,787	472,993	-	-	-	-	46	2,176,826
Purchased Services	174,296	295,549	-	198,631	304	-	816,144	1,484,924
Repairs and Maintenance	47,469	-	-	-	-	-	1,149,900	1,197,369
Employee Benefits	259,830	137,372	25,061	17,411	131,924	-	356,829	928,427
Payroll Taxes	451,394	140,536	24,503	13,228	116,783	-	120,296	866,740
Food Service	-	-	-	-	-	-	749,835	749,835
Insurance	-	-	-	-	-	-	414,247	414,247
Utilities	-	-	-	-	-	-	303,598	303,598
Materials and Supplies	187,420	4,647	4,080	1,014	12,371	19,421	71,256	300,209
Student Activities	102,438	-	-	-	3,146	-	136,862	242,446
Other Miscellaneous Expenses	576	-	-	-	42,112	-	142,332	185,020
Communications	-	-	-	-	-	-	117,728	117,728
Equipment and Furnishings	60,350	720	-	-	-	-	116,755	177,825
Renting and Leasing	-	-	-	-	-	-	123,696	123,696
Professional Development	-	-	-	-	29,280	-	68,791	98,071
Dues and Fees	52,630	-	-	-	846	-	8,264	61,740
Advertising and Marketing	-	-	-	-	-	-	36,472	36,472
Depreciation	-	-	-	-	-	-	20,086	20,086
Printing	-	-	-	-	-	-	12,798	12,798
Travel	-	-	-	-	2,885	-	1,459	4,344
Total Expenses	\$ 8,662,582	\$ 2,940,146	\$ 386,802	\$ 407,568	\$ 1,995,454	\$ 19,421	\$ 6,347,356	\$ 20,759,329

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

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash Flows from Operating Activities	
Change in Net Assets	\$ 1,998,029
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	20,086
(Increase) Decrease in:	
Grants Receivable	(2,165,331)
Prepaid Expenses	(194,304)
Other Receivables	(86,768)
Increase (Decrease) in:	
Accounts Payable	(476,221)
Accrued Expenses	(225,496)
Deferred Revenue	<u>208,603</u>
Net Cash Used in Operating Activities	<u>(921,402)</u>
Cash Flows from Investing Activities	
Purchase of Property and Equipment	<u>(124,540)</u>
Net Cash Used in Investing Activities	<u>(124,540)</u>
Cash Flows from Financing Activities	
Payments on Note Payable	<u>(300,000)</u>
Net Cash Used in Financing Activities	<u>(300,000)</u>
Net Decrease in Cash	(1,345,942)
Cash, Beginning of Year	<u>2,141,465</u>
Cash, End of Year	<u><u>\$ 795,523</u></u>

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

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Community Academies of New Orleans, Inc. (the Organization) was incorporated on August 14, 2019, to bring together Esperanza Charter School, Lafayette Academy of Choice Foundation, and Foundation Preparatory Charter School with the ultimate goal of strengthening all three schools, while also maintaining their unique cultures and communities. These schools share a commitment to serving all students in our diverse New Orleans community, a foundational principle upon which Community Academies was founded.

In May 2020, the Orleans Parish School Board (OPSB, a.k.a NOLA Public Schools, a.k.a NOLA-PS) approved a five-year charter agreement for the Organization to operate Lafayette Academy Charter School, which is scheduled to expire on June 30, 2025.

In May 2020, the OPSB approved a five-year charter agreement for the Organization to operate Esperanza Charter School, which is scheduled to expire on June 30, 2025.

In May 2020, the OPSB approved a five-year charter agreement for the Organization to operate Foundation Preparatory Charter School, which is scheduled to expire on June 30, 2025.

The Organization provided student instruction and activities as part of regular education, special education, special programs, and pupil support services programs.

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Net Asset Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

The activities of the Organization and its charter schools are accounted for separately. The statement of financial position and statement of activities and changes in net assets include the accounts of the Organization and the three (3) aforementioned charter schools. All significant inter-school transactions and balances have been eliminated.

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort or student count. Expenses allocated based on student count during the year ended June 30, 2022 include purchased services. Expenses that were allocated based on time and effort during the year ended June 30, 2022 include salaries, employee benefits, and payroll taxes.

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Cash

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the Organization's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2022, there were no restricted cash balances.

Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2022, the Organization had no cash equivalents.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Grants Receivable

The Organization received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at year-end are stated at unpaid balances for expenditures incurred during the year. As of June 30, 2022, based on management's experience with the collection of grants from the State of Louisiana, the grants receivable are considered to be fully collectible.

Contributions and Revenue Recognition

Grants and contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The Organization will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. Contributions are reported as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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 and changes in net assets as net assets released from restrictions. Contributions expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of the promise and are discounted at an appropriate discount rate. Future amortization of the discount will be included in contribution revenue. Management closely monitors outstanding balances and writes off any balances deemed uncollectible.

Revenues from federal and state grants are recorded when the Organization has a right to reimbursement under the related grant, generally corresponding to the incurring of grant-related costs by the Organization, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

The Organization's primary source of funding was through the State's Minimum Foundation Program (MFP). The Organization received revenue from the state based on eligible students in attendance on a monthly basis.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the Organization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The following are the estimated useful lives of the fixed assets of the Organization:

Assets	Useful Lives
Furniture, Fixtures, and Equipment	7 Years
Leasehold Improvements	15 Years

Income Taxes

The Organization is recognized by the Internal Revenue Service (IRS) as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Compensated Absences

All teachers and staff are provided 10 days of paid annual sick leave. If the employee terminates at June 30th, the remaining days are forfeited. Accordingly, the Organization does not recognize a liability for accumulated compensated absences.

Reversionary Interest in Funds and Assets

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agency are to be used for educational purposes as described in the Organization's charter agreements and grant awards. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds.

Non-capital assets acquired by the Organization with non-public funds will remain the property of the Organization. Assets purchased with public funds obtained from public sources will automatically revert to the Board of Elementary and Secondary Education at the time this agreement is terminated. The Organization must maintain records of any assets acquired with private funds that will remain the property of the Organization.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is evaluating the impact that ASU 2016-02 will have on its financial statements and related disclosures.

Note 2. Concentrations

The Organization received 62% of its revenues for the year ended June 30, 2022 from the State of Louisiana, subject to its charter agreement with the State. The Organization received 30% of its revenues for the year ended June 30, 2022 from the federal government, subject to grant agreements with the United States Department of Agriculture, the United States Department of Education, and the United States Department of Health and Human Services.

The Organization's operations are concentrated to the Greater New Orleans area.

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be recovered. The Organization periodically maintains cash in bank accounts in excess of insured limits. As of June 30, 2022, the Organization's bank balances were \$1,129,905. Balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to \$250,000 per financial institution, totaled \$500,000. The remaining deposits of \$629,905 were uninsured. The Organization has not experienced any losses as a result of this practice.

Note 3. Cash

The Organization's cash (book balance) at June 30, 2022 was \$795,523, which is stated at cost and approximates market.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 4. Grants Receivable

As of June 30, 2022, grants receivable totaled \$3,303,548, which were receivables for federal and state grants passed through the Louisiana Department of Education and the Orleans Parish School Board. The stated balance is considered to be fully collectible.

Note 5. Property and Equipment

Depreciation expense totaled \$20,086 for the year ended June 30, 2022.

Note 6. Retirement Plan

The Organization offers a 401(k) plan to employees who are immediately vested upon entering the plan. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service. The Organization matches 100% of each employee's first 5% of their elective contributions. The Organization's match expense for the year ended June 30, 2022, amounted to \$221,443.

Note 7. Leases

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 2727 South Carrollton Avenue, New Orleans, Louisiana 70118. The lease agreement is designated to Lafayette Academy Charter School and is scheduled to expire on June 30, 2024.

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 9330 Forshey Street, New Orleans, LA 70118. The lease agreement is designated to Lafayette Academy Charter School and is scheduled to expire on June 30, 2024.

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 4407 South Carrollton Avenue, New Orleans, Louisiana 70119. The lease agreement is designated to Esperanza Charter School and is scheduled to expire on June 30, 2025.

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 3121 St. Bernard Avenue, New Orleans, LA 70119. The lease agreement is designated to Foundation Preparatory Charter School and is scheduled to expire on June 30, 2023.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 7. Leases (Continued)

All four (4) of the aforementioned lease call for payments based on a Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship. See Note 8.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable.

Note 8. Minimum Foundation Program (MFP)

The OPSB provides funding to the State of Louisiana, collected from local agencies, which passes through to the Organization as local MFP, which is determined on an annual basis based on the number of pupils enrolled as of October 1st. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the schools of the Organization as of October 1st. This state-funded per pupil allocation is based on the most recently approved MFP formula resolution. For the year ended June 30, 2022, the Organization recognized state and local MFP revenue of \$14,169,177.

The OPSB charges and withholds an administration fee from MFP distributions. For the year ended June 30, 2022, the Organization recognized administration fee expense of \$295,792 related to MFP distributions.

The Organization paid state-mandated administrative fees, property and building insurance, and building usage fees, which were withheld from MFP distributions. For the year ended June 30, 2022, the Organization recognized administration fee expense of \$526,550 related to these withholdings. See Note 7.

As of June 30, 2022, the Organization has deferred \$212,872 in MFP prepayments related to a subsequent year.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 9. Restrictions on Assets

Net assets with donor restrictions are restricted by donors for specific time periods or specific programs, purposes, or to assist specific departments of the Organization. These restrictions are considered to expire when payments for restricted purposes are made. There were no net assets with donor restrictions presented at June 30, 2022.

Note 10. Risks, Uncertainties, and Risk Management

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of 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 that exceeded this commercial coverage during the year ended June 30, 2022 nor subsequent to year end and through the date of the report.

The Organization's concentrations due to significant local, state, and federal funding make it reasonably possible that the Organization is vulnerable to the risk of a near-term significant impact. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions.

Note 11. Charter Management Organization (CMO) Fees

In the normal course of business, the Organization is periodically engaged in various legal proceedings incidental to its normal business activities. The resolution of such matters is not expected to have a material adverse effect on the School's financial position, statement of activities, or cash flows.

As the administrator of the schools, the Organization incurs and records overhead costs on behalf of all of its schools. Management of the Organization estimates an allocable amount of these costs to be charged to the schools on an annual basis using a predetermined rate and student head count. CMO fees allocated and charged to schools during the year ended June 30, 2022 have been eliminated from other income and management and general expenses on the accompanying statement of activities and changes in net assets.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 12. Liquidity and Availability

The Organization's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Organization has available. In addition, the Organization operates within a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 795,523
Grants Receivable	<u>3,303,548</u>
Total	<u>\$ 4,099,071</u>

Note 13. Debt

During July 2020, the Organization entered into a short-term \$300,000 note payable agreement with a nonprofit organization bearing no interest, maturing in November 2021. The note was paid in full during the year ended June 30, 2022.

Note 14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 27, 2022, and determined that there were no subsequent events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Combining Statement of Financial Position by School
For the Year Ended June 30, 2022

	Lafayette Academy Charter School (Middle)	Lafayette Academy Charter School (Lower)	Esperanza Charter School	Foundation Preparatory Charter School	Community Academies	Eliminations	Total
Assets							
Current Assets							
Cash	\$ 310,792	\$ 92,504	\$ 91,877	\$ 128,212	\$ 172,138	\$ -	\$ 795,523
Grants Receivable	1,178,428	9,160	1,435,027	680,933	-	-	3,303,548
Prepaid Expenses	47,346	59,984	57,735	38,306	109,309	-	312,680
Other Receivables	34,083	29,000	6,250	12,875	4,560	-	86,768
Intracompany Receivables	4,924,978	5,408,117	3,768,024	2,440,282	6,689,288	(23,230,689)	-
Total Current Assets	6,495,627	5,598,765	5,358,913	3,300,608	6,975,295	(23,230,689)	4,498,519
Property and Equipment							
Furniture, Fixtures, and Equipment	3,720	1,900	2,226	5,421	4,441	-	17,708
Leasehold Improvements	65,578	76,946	60,010	125,576	-	-	328,110
Less: Accumulated Depreciation	(6,029)	(9,343)	(3,097)	(12,849)	(821)	-	(32,139)
Net Property and Equipment	63,269	69,503	59,139	118,148	3,620	-	313,679
Total Assets	\$ 6,558,896	\$ 5,668,268	\$ 5,418,052	\$ 3,418,756	\$ 6,978,915	\$ (23,230,689)	\$ 4,812,198
Liabilities and Net Assets							
Current Liabilities							
Accounts Payable	\$ 374,685	\$ 255,776	\$ 201,444	\$ 88,769	\$ 47,117	\$ -	\$ 967,791
Accrued Expenses	57,190	70,781	96,452	53,094	10,086	-	287,603
Deferred Revenue	45,730	45,730	86,174	35,238	-	-	212,872
Intracompany Payables	6,342,825	5,630,348	2,616,661	3,117,596	5,523,259	(23,230,689)	-
Total Current Liabilities	6,820,430	6,002,635	3,000,731	3,294,697	5,580,462	(23,230,689)	1,468,266
Net Assets (Deficit)							
Without Donor Restrictions	(261,534)	(334,367)	2,417,321	124,059	1,398,453	-	3,343,932
Total Net Assets (Deficit)	(261,534)	(334,367)	2,417,321	124,059	1,398,453	-	3,343,932
Total Liabilities and Net Assets	\$ 6,558,896	\$ 5,668,268	\$ 5,418,052	\$ 3,418,756	\$ 6,978,915	\$ (23,230,689)	\$ 4,812,198

See independent auditor's report.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Combining Statement of Activities by School
For the Year Ended June 30, 2022

	Lafayette Academy Charter School (Middle)			Lafayette Academy Charter School (Lower)			Esperanza Charter School		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue									
State and Local Public School Funding									
Minimum Foundation Program	\$ 3,003,515	\$ -	\$ 3,003,515	\$ 3,003,515	\$ -	\$ 3,003,515	\$ 5,757,340	\$ -	\$ 5,757,340
Federal Grants	1,453,856	-	1,453,856	1,592,421	-	1,592,421	2,158,598	-	2,158,598
Federal School Lunch Program	281,266	-	281,266	223,451	-	223,451	452,649	-	452,649
Private Grants and Contributions	55,409	-	55,409	5,183	-	5,183	7,692	-	7,692
Other State Funding	9,146	-	9,146	139,901	-	139,901	9,213	-	9,213
Other Income	43,679	-	43,679	35,054	-	35,054	24,922	-	24,922
Interest Income	-	-	-	-	-	-	-	-	-
Intracompany Revenue, Charter Management Fees	-	-	-	-	-	-	-	-	-
Total Support and Revenue	4,846,871	-	4,846,871	4,999,525	-	4,999,525	8,410,414	-	8,410,414
Expenses									
Program Services - Student Instruction and Activities									
Regular Education	1,811,712	-	1,811,712	2,153,317	-	2,153,317	2,870,578	-	2,870,578
Special Education	634,215	-	634,215	576,667	-	576,667	944,751	-	944,751
Special Programs	-	-	-	108,482	-	108,482	278,320	-	278,320
Pupil Support	67,361	-	67,361	166,014	-	166,014	157,381	-	157,381
Supporting Services									
School Administration	260,379	-	260,379	245,826	-	245,826	185,714	-	185,714
Instructional Staff Support	336	-	336	182	-	182	476	-	476
Management and General	1,819,739	-	1,819,739	1,664,889	-	1,664,889	2,409,118	-	2,409,118
Total Expenses	4,593,742	-	4,593,742	4,915,377	-	4,915,377	6,846,338	-	6,846,338
Change in Net Assets	253,129	-	253,129	84,148	-	84,148	1,564,076	-	1,564,076
Net Assets (Deficit), Beginning of Year	(514,663)	-	(514,663)	(418,515)	-	(418,515)	853,245	-	853,245
Net Assets (Deficit), End of Year	\$ (261,534)	\$ -	\$ (261,534)	\$ (334,367)	\$ -	\$ (334,367)	\$ 2,417,321	\$ -	\$ 2,417,321

See independent auditor's report.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Combining Statement of Activities by School (Continued)
For the Year Ended June 30, 2022

	Foundation Preparatory Charter School			Community Acadmies			Eliminating		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue									
State and Local Public School Funding									
Minimum Foundation Program	\$ 2,404,807	\$ -	\$ 2,404,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	1,519,900	-	1,519,900	-	-	-	-	-	-
Federal School Lunch Program	205,019	-	205,019	-	-	-	-	-	-
Private Grants and Contributions	813	-	813	296,640	-	296,640	-	-	-
Other State Funding	38,700	-	38,700	-	-	-	-	-	-
Other Income	26,154	-	26,154	8,239	-	8,239	-	-	-
Interest Income	-	-	-	276	-	276	-	-	-
Intracompany Revenue, Charter Management Fees	-	-	-	2,716,037	-	2,716,037	(2,716,037)	-	(2,716,037)
Total Support and Revenue	4,195,393	-	4,195,393	3,021,192	-	3,021,192	(2,716,037)	-	(2,716,037)
Expenses									
Program Services - Student Instruction and Activities									
Regular Education	1,982,963	-	1,982,963	(155,988)	-	(155,988)	-	-	-
Special Education	679,063	-	679,063	105,450	-	105,450	-	-	-
Special Programs	-	-	-	-	-	-	-	-	-
Pupil Support	2,123	-	2,123	14,689	-	14,689	-	-	-
Supporting Services									
School Administration	201,203	-	201,203	1,102,332	-	1,102,332	-	-	-
Instructional Staff Support	14,431	-	14,431	3,996	-	3,996	-	-	-
Management and General	1,272,671	-	1,272,671	1,896,976	-	1,896,976	(2,716,037)	-	(2,716,037)
Total Expenses	4,152,454	-	4,152,454	2,967,455	-	2,967,455	(2,716,037)	-	(2,716,037)
Change in Net Assets	42,939	-	42,939	53,737	-	53,737	-	-	-
Net Assets, Beginning of Year	81,120	-	81,120	1,344,716	-	1,344,716	-	-	-
Net Assets, End of Year	\$ 124,059	\$ -	\$ 124,059	\$ 1,398,453	\$ -	\$ 1,398,453	\$ -	\$ -	\$ -

See independent auditor's report.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Combining Statement of Activities by School (Continued)
For the Year Ended June 30, 2022

	Total		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
State and Local Public School Funding			
Minimum Foundation Program	\$ 14,169,177	\$ -	\$ 14,169,177
Federal Grants	6,724,775	-	6,724,775
Federal School Lunch Program	1,162,385	-	1,162,385
Private Grants and Contributions	365,737	-	365,737
Other State Funding	196,960	-	196,960
Other Income	138,048	-	138,048
Interest Income	276	-	276
Intracompany Revenue, Charter Management Fees	-	-	-
Total Support and Revenue	22,757,358	-	22,757,358
Expenses			
Program Services - Student Instruction and Activities			
Regular Education	8,662,582	-	8,662,582
Special Education	2,940,146	-	2,940,146
Special Programs	386,802	-	386,802
Pupil Support	407,568	-	407,568
Supporting Services			
School Administration	1,995,454	-	1,995,454
Instructional Staff Support	19,421	-	19,421
Management and General	6,347,356	-	6,347,356
Total Expenses	20,759,329	-	20,759,329
Change in Net Assets	1,998,029	-	1,998,029
Net Assets, Beginning of Year	1,345,903	-	1,345,903
Net Assets, End of Year	\$ 3,343,932	\$ -	\$ 3,343,932

See independent auditor's report.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2022

Board Members	Compensation
Alysson Mills, Chair	\$ -0-
Brooke Wyatt, Co-Chair	\$ -0-
Hans Jonassen, Treasurer	\$ -0-
Adrienne Celestine, Secretary	\$ -0-
Ashley Netter	\$ -0-
Margo Phelps	\$ -0-
Scott Champagne	\$ -0-

See independent auditor's report.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended June 30, 2022

Agency Head
 Myrialis King, Chief Executive Officer

Purpose	Amount
Salary	\$200,000
Benefits - Insurance	\$4,567
Benefits - Retirement	\$10,125
Benefits - Other	\$0
Car Allowance	\$14,400
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors
Community Academies of New Orleans, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Academies of New Orleans, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 with the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
December 27, 2022

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

Independent Auditor's Report

To the Board of Directors
Community Academies of New Orleans, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Academies of New Orleans, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization'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 Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Organization 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 Organization'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 Organization'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 Organization'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 judgement made by a reasonable user of the report on compliance about the Organization'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 judgement 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 Organization'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 Organization'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 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.



A Professional Accounting Corporation

Baton Rouge, LA
December 27, 2022

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
<u>United States Department of Agriculture</u>			
Passed through the Louisiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	NONE	\$ 384,091
National School Lunch Program	10.555	NONE	719,604
Supply Chain Assistance	10.555	NONE	34,420
After School Snack Program	10.555	NONE	<u>14,879</u>
Total Child Nutrition Cluster			1,152,994
Total United States Department of Agriculture			<u>1,152,994</u>
<u>United States Department of Education</u>			
Passed through the Louisiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010A	S010A210018	890,203
Title I Grants to Local Educational Agencies - Direct Student Services	84.010A	S010A210018	<u>28,270</u>
Total Title I, Part A			<u>918,473</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA Part B)	84.027A	H027A210033	345,734
Special Education - High Cost Services (IDEA Part B)	84.027A	H027A21003320	36,809
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A210082	<u>7,667</u>
Total Special Education Cluster (IDEA)			<u>390,210</u>
Title III			
Title III English Language Acquisition State Grants	84.365A	S365A210018	32,517
Title III - Immigrant - English Language Acquisition State Grants	84.365A	S365A210018	51,218
Title III - Immigrant - Set Aside	84.365A	S365A210018	<u>1,828</u>
Total Title III			<u>85,563</u>
Title II Supporting Effective Instruction State Grants	84.367A	S367A210017	125,422
Title IV Student Support and Academy Enrichment	84.424A	S424A210019	61,066
COVID-19 - Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200003	9,733
Elementary and Secondary School Emergency Relief Fund, II	84.425D	S425D210003	1,294,929
Elementary and Secondary School Emergency Relief Fund, III	84.425U	S425D210003	<u>3,310,457</u>
Total COVID-19 - Education Stabilization Fund			<u>4,615,119 *</u>
Total United States Department of Education			<u>6,195,853</u>
<u>United States Department of Health and Human Services</u>			
Passed through the Louisiana Department of Education			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	<u>58,000</u>
Total United States Department of Health and Human Services			<u>58,000</u>
Total Expenditures of Federal Awards			<u>\$ 7,406,847</u>

* Denotes Major Program

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1. General

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of the federal awards of Community Academies of New Orleans, Inc. (the Organization). The Organization's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2022. All federal awards received from federal agencies are included on the schedule.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Organization has met the qualifications for the respective grants.

Accrued Reimbursement

Various reimbursement procedures are used for federal awards received by the Organization. Consequently, timing differences between expenditures and program reimbursements may exist at the beginning and end of the year. Any accrued balances at year-end represent an excess of reimbursable expenditures over reimbursements received.

Note 3. Indirect Cost Rates

The Organization did not include any expenditures related to indirect cost rate calculations nor any 10% de minimis cost rate calculations in its schedule of expenditures of federal awards as there were no indirect cost rates utilized as part of the federal grant activity.

Certain costs, such as those associated with budgeting, accounting, personnel administration, et cetera, benefit more than one program but are not readily assignable to the programs receiving the benefits. Some agencies and universities apply a federally-approved indirect cost rate to direct program costs to recover a portion of these indirect costs from federal grants or contracts. Indirect costs charged to federal grants and contracts by means of approved indirect cost rates are recognized as disbursements or expenditures in the SEFA.

Note 4. Federal Revenue Reconciliation

During the year ended June 30, 2022, the Organization received approximately \$472,357 in ESSER grant funding for which expenses from prior periods were submitted as allowable costs. These expenses are not reported on the June 30, 2022 schedule of expenditures of federal awards.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Part I - Summary of Auditor's Results

Financial Statement Section

- | | |
|--|------------|
| 1. Type of auditor's report | Unmodified |
| 2. Compliance and internal control over financial reporting | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None |
| c. Noncompliance noted? | None |

Federal Awards Section

- | | |
|---|------------|
| 3. Type of auditor's report issued on compliance for major programs | Unmodified |
| 4. Internal control over major programs | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None |
| 5. Audit findings disclosed that are required in accordance with the Uniform Guidance | None |
| 6. Identification of major programs | |
| 84.825 - COVID-19 Education Stabilization Fund | |
| 7. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 8. Auditee qualified as a low-risk auditee under the Uniform Guidance | No |

Part II - Financial Statement Findings Section

None.

Part III - Federal Award Findings and Questioned Costs Section

None.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2022

Part I - Financial Statement Findings Section

None.

Part II - Federal Award Findings and Questioned Costs Section

None.

**COMMUNITY ACADEMIES
OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA**

Agreed-Upon Procedures
R.S. 24:514 - Performance and Statistical Data

June 30, 2022



Contents	Schedule	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures		1 - 3
Schedules Required by Louisiana State Law (R.S. 24:514 - Performance and Statistical Data)		4
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	5
Class Size Characteristics	2	6

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Community Academies of New Orleans, Inc.
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Community Academies of New Orleans, Inc. (the Organization) for the fiscal year ended June 30, 2022; 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 Organization is responsible for its performance and statistical data.

The Organization 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.

The procedures and associated findings are as follows:

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

1. We selected a 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 the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Findings: No exceptions noted.

Class Size Characteristics (Schedule 2)

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

Findings: For all ten (10) classes selected supporting records did not agree to the student count per the class size schedule. For seven (7) of the classes, the differences would not result in changes to the Schedule 2 presentation. For three (3) of the classes, the differences would result in changes to the Schedule 2 presentation.

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing 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.

Findings: For one (1) of the twenty-five (25) individuals tested, the education level reported per PEP data did not agree to actual education level. For two (2) of the twenty-five (25) individuals tested, years of experience reported per the PEP data did not agree to support per the personnel file. No other exceptions noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then 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).

Findings: For six (6) of the twenty-five (25) individuals tested, total salary reported per PEP data did not agree to supporting documentation. No other exceptions noted.

We were engaged by the Organization 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
December 27, 2022

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2022**

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1 - 20, 21 - 26, 27 - 33, and 34+ students.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
 NEW ORLEANS, LOUISIANA
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2022**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 4,273,666	
Other Instructional Staff Activities	687,906	
Instructional Staff Employee Benefits	817,229	
Purchased Professional and Technical Services	528,369	
Instructional Materials and Supplies	166,143	
Instructional Equipment	10,799	
	<hr/>	
Total Teacher and Student Interaction Activities		\$ 6,484,112
Other Instructional Activities		28,861
Pupil Support Services	70,391	
Less: Equipment for Pupil Support Services	-	
	<hr/>	
Net Pupil Support Services		70,391
Instructional Staff Services	15,424	
Less: Equipment for Instructional Staff Services	-	
	<hr/>	
Net Instructional Staff Services		15,424
School Administration	465,057	
Less: Equipment for School Administration	-	
	<hr/>	
Net School Administration		465,057
		<hr/>
Total General Fund Instructional Expenditures		\$ 7,063,845
		<hr/>
Total General Fund Equipment Expenditures		\$ 10,799

Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
	<hr/>
Total Local Taxation Revenue	\$ -

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
	<hr/>
Total Local Earnings on Investment in Real Property	\$ -

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
	<hr/>
Total State Revenue in Lieu of Taxes	\$ -

Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -

See independent accountant's report on applying agreed-upon procedures.

COMMUNITY ACADEMIES OF NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2021

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	41.7%	168	20.6%	83	35.7%	144	2.0%	8
Elementary Activity Classes	44.6%	29	20.0%	13	33.8%	22	1.5%	1

See independent accountant's report on applying agreed-upon procedures.

AGREED-UPON PROCEDURES REPORT

Community Academies of New Orleans, Inc.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2021 - June 30, 2022

To the Board of Directors
Community Academies of New Orleans and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below 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, 2021 through June 30, 2022. Community Academies of New Orleans, Inc.'s (the Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization 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, 2021 through June 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 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 documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We obtained and inspected the entity's written policies and procedures over the above categories. We noted that written policies and procedures over contracting, ethics, and information technology disaster recovery/business continuity did not address all required subcategories. No other exceptions noted.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that 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. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) 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, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: No exceptions identified.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) 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.

Results: We performed the procedures above and noted that for all bank statements selected, there was no evidence that a member of management or the board who does not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation. No other exceptions identified.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

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

Results: No exceptions identified.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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 and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) 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 the cash is stored securely in a locked safe or drawer).

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

Results: The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions identified.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: We performed the procedures above and noted that one (1) of the five (5) disbursements tested did not match the amount of the original itemized invoice. No other exceptions identified.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions identified.

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

Results: We performed the procedures above and noted that three (3) of the forty-nine (49) transactions tested were not supported by an itemized receipt. No other exceptions identified.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) 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 (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: For one (1) of the original five (5) items sampled, the transaction was determined to not be a travel expense reimbursement. No other exceptions identified during testing.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: For one (1) of the five (5) vendors selected, the Organization did not obtain quotes for materials and services nor an executed contract; however the Organization utilized a Louisiana state contract for this vendor, in accordance with its policy. No other exceptions noted.

Payroll and Personnel

16. 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 or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions identified.

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

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: For all five (5) of the employees selected, we noted that employees used time clocks to track attendance but did not identify evidence of supervisor approval of attendance. Only one (1) of the five (5) employees used PTO during the pay period selected, which was authorized by a supervisor. No other exceptions identified.

18. Obtain a listing 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 and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: No exceptions identified.

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

Results: No exceptions identified.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: For one (1) of the five (5) employees selected, management informed us that ethics training was not completed. No other exceptions noted. Management represents that there were no changes to the entity's ethics policy during the year.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments 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 State Bond Commission approval was obtained for each debt instrument issued.
22. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: The Organization has determined that these procedures were not applicable.

Fraud Notice

23. 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions identified.

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

Results: No exceptions identified.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures and verbally discuss the results with management.
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity'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.

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

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

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: The Organization has determined that this procedure is not applicable.

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

Results: The Organization has determined that this procedure is not applicable.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: The Organization has determined that this procedure is not applicable.

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

We are required to be independent of Community Academies of New Orleans, Inc. 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
December 27, 2022



Memo

To: Anthony M. Rutledge, CPA, MBA - Director, Audit and Assurance Services,
LaPorte CPAs & Business Advisors

From: James Fulton, MBA – CFO, Community Academies of New Orleans

Date: December 28, 2022

Re: Management Response to FY 2021-2022 AUP and SAUP Audit Findings

We are in receipt of the AUP and SAUP audit findings for the fiscal year ending June 30, 2022. Attached is Management's response and corrective action plan to ensure these findings are resolved and will not re-occur.

Please let me know if any additional information or documentation is required.



Corrective Action Plan

LDOE AGREED-UPON PROCEDURES

Procedure	Finding	Management Response
Class Size Characteristics (Schedule 2)	For all ten (10) classes selected supporting records did not agree to the student count per the class size schedule. For seven (7) of the classes, the differences would not result in changes to the Schedule 2 presentation. For three (3) of the classes, the differences would result in changes to the Schedule 2 presentation.	Management will work with data staff to implement new month-end procedures to ensure that roll books and student enrollment supporting records reconcile to the student count per the class size schedule.
Education Levels/Experience of Public School Staff	For one (1) of the twenty-five (25) individuals tested, the education level reported per PEP data did not agree to actual education level. For two (2) of the twenty-five (25) individuals tested, years of experience reported per the PEP data did not agree to support per the personnel file. No other exceptions noted.	Management will work with Human Resources staff to implement new month-end procedures to ensure that employees' credentials, years of experience and education level in personnel files reconcile to the PEP data reports.
Public School Staff Data: Average Salaries	For six (6) of the twenty-five (25) individuals tested, total salary reported per PEP data did not agree to supporting documentation. No other exceptions noted.	Management will work with Human Resources staff to implement new month-end procedures to ensure that employees' contracted salary in personnel files reconcile to the PEP data reports.



Corrective Action Plan

LLA Statewide Agreed-Upon Procedures

Procedure	Finding	Management Response
Written Policies and Procedures	We obtained and inspected the entity’s written policies and procedures over the above categories. We noted that written policies and procedures over contracting, ethics, and information technology disaster recovery/business continuity did not address all required subcategories. No other exceptions noted.	Management will work with Accounting, Human Resources and Operations staff to update written policies and procedures to address all required subcategories.
Bank Reconciliations	We performed the procedures above and noted that for all bank statements selected, there was no evidence that a member of management or the board who does not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation. No other exceptions identified.	Management will work with accounting staff and Board Members to ensure that all bank reconciliations are reviewed by an individual who does not handle cash, post ledgers, or issue checks.
Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)	We performed the procedures above and noted that one (1) of the five (5) disbursements tested did not match the amount of the original itemized invoice. No other exceptions identified	Management will work with accounting staff to implement new month-end procedures to ensure that all disbursements contain the appropriate documentation to justify disbursement.
Credit Cards/Debit Cards/Fuel Cards/P-Cards	We performed the procedures above and noted that three (3) of the forty-nine (49) transactions tested were not supported by an itemized receipt. No other exceptions identified.	Management has implemented a new credit card management system that requires all credit card holders submit itemized receipts weekly.
Travel and Travel-Related Expense Reimbursements (excluding card transactions)	For one (1) of the original five (5) items sampled, the transaction was determined to not be a travel expense	Management will work with accounting staff to implement new month-end procedures to ensure that all disbursements

Corrective Action Plan

	reimbursement. No other exceptions identified during testing	contain the appropriate documentation to justify disbursement.
Contracts	For one (1) of the five (5) vendors selected, the Organization did not obtain quotes for materials and services nor an executed contract; however, the Organization utilized a Louisiana state contract for this vendor, in accordance with its policy. No other exceptions noted.	Management will work with operations staff to implement new month-end procedures to ensure that all vendor files contain the required quotes and executed contracts.
Payroll and Personnel	For all five (5) of the employees selected, we noted that employees used time clocks to track attendance but did not identify evidence of supervisor approval of attendance. Only one (1) of the five (5) employees used PTO during the pay period selected, which was authorized by a supervisor. No other exceptions identified.	Management will work with all supervisors to implement new biweekly procedures to ensure that all employee attendance is approved prior to payroll submission.
Ethics	For one (1) of the five (5) employees selected, management informed us that ethics training was not completed. No other exceptions noted. Management represents that there were no changes to the entity's ethics policy during the year.	Management will work with Human Resources staff to implement new month-end procedures to ensure that all incumbent and new employees complete the required ethics training.