

# **ATHLOS ACADEMY OF JEFFERSON**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT**  
*June 30, 2021 and 2020*

# **ATHLOS ACADEMY OF JEFFERSON**

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*INDEPENDENT AUDITORS' REPORT*

To the Board of Directors  
Athlos Academy of Jefferson  
Terrytown, Louisiana

We have audited the accompanying financial statements of Athlos Academy of Jefferson (the Academy) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Athlos Academy of Jefferson as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), schedule of board of directors, and the accompanying schedule of compensation, reimbursements, benefits and other payments to agency head 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 audits 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 April 28, 2022 on our consideration of Athlos Academy of Jefferson'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 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 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 Athlos Academy of Jefferson's internal control over financial reporting and compliance.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
April 28, 2022



# **ATHLOS ACADEMY OF JEFFERSON**

## **STATEMENTS OF FINANCIAL POSITION**

*June 30, 2021 and 2020*

### **ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,529,269	\$ 1,469,230
Grants receivable	<u>875,496</u>	<u>681,133</u>
<b>TOTAL CURRENT ASSETS</b>	<b>2,404,765</b>	<b>2,150,363</b>
<b>NONCURRENT ASSETS</b>		
Deposits	<u>17,011</u>	<u>17,011</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>17,011</u>	<u>17,011</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,421,776</u></b>	<b><u>\$ 2,167,374</u></b>

### **LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 198,994	\$ 234,208
Accrued payroll and other liabilities	126,594	495,253
Due to the Louisiana Department of Education	12,331	-
Due to related party – other	<u>225,589</u>	<u>401,092</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>563,508</u>	<u>1,130,553</u>
<b>TOTAL LIABILITIES</b>	<b>563,508</b>	<b>1,130,553</b>
<b>NET ASSETS</b>		
Without donor restrictions	<u>1,858,268</u>	<u>1,036,821</u>
<b>TOTAL NET ASSETS</b>	<u>1,858,268</u>	<u>1,036,821</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,421,776</u></b>	<b><u>\$ 2,167,374</u></b>

**ATHLOS ACADEMY OF JEFFERSON**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
*For the Years Ended June 30, 2021 and 2020*

	2021 Without Donor <u>Restrictions</u>	2020 Without Donor <u>Restrictions</u>
REVENUE		
State and local MFP funding	\$ 13,213,308	\$ 11,476,558
Federal and state grant revenue	1,296,707	1,393,738
Food service income	175	6,851
Other income	110,386	77,075
Interest income	<u>6,462</u>	<u>17,422</u>
 TOTAL REVENUE	 14,627,038	 12,971,644
EXPENSES		
Program services	8,433,252	7,567,122
General and administrative	<u>5,372,339</u>	<u>5,021,738</u>
 TOTAL EXPENSES	 <u>13,805,591</u>	 <u>12,588,860</u>
 CHANGES IN NET ASSETS	 821,447	 382,784
 NET ASSETS, Beginning of Year	 <u>1,036,821</u>	 <u>654,037</u>
 NET ASSETS, End of Year	 <u>\$ 1,858,268</u>	 <u>\$ 1,036,821</u>



## **ATHLOS ACADEMY OF JEFFERSON**

### **STATEMENT OF FUNCTIONAL EXPENSES**

*For the Year Ended June 30, 2021*

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salary expense	\$ 4,605,750	\$ 671,867	\$ 5,277,617
Payroll taxes & employee benefits	1,002,326	114,920	1,117,246
Professional fees	946,244	1,508,919	2,455,163
Facility expense	1,269	2,714,362	2,715,631
Insurance	-	164,147	164,147
Student transportation	1,075,080	-	1,075,080
Food service expense	336,459	-	336,459
Materials and supplies	44,320	163,831	208,151
Books and workbooks	167,584	-	167,584
Equipment costs	230,664	-	230,664
Miscellaneous expense	<u>23,556</u>	<u>34,293</u>	<u>57,849</u>
 TOTAL EXPENSES	 <u>\$ 8,433,252</u>	 <u>\$ 5,372,339</u>	 <u>\$ 13,805,591</u>

## **ATHLOS ACADEMY OF JEFFERSON**

### **STATEMENT OF FUNCTIONAL EXPENSES**

*For the Year Ended June 30, 2020*

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salary expense	\$ 4,232,705	\$ 728,326	\$ 4,961,031
Payroll taxes & employee benefits	916,254	147,394	1,063,648
Professional fees	606,953	1,450,702	2,057,655
Facility expense	398	2,387,200	2,387,598
Insurance	-	144,869	144,869
Student transportation	854,065	-	854,065
Food service expense	502,437	-	502,437
Travel expenses	86	3,746	3,832
Materials and supplies	70,783	96,657	167,440
Books and workbooks	275,553	-	275,553
Equipment costs	95,184	18,937	114,121
Miscellaneous expense	<u>12,704</u>	<u>43,907</u>	<u>56,611</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 7,567,122</u></b>	<b><u>\$ 5,021,738</u></b>	<b><u>\$ 12,588,860</u></b>

# **ATHLOS ACADEMY OF JEFFERSON**

## **STATEMENTS OF CASH FLOWS**

*For the Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 821,447	\$ 382,784
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Grants receivable	(194,363)	(343,256)
Prepaid expenses	-	53,705
Accounts payable	(35,214)	(57,051)
Accrued payroll and other liabilities	(368,659)	154,315
Due to the Louisiana Department of Education	12,331	-
Due to/from related parties	<u>(175,503)</u>	<u>(365,680)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>60,039</u>	 <u>(175,183)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 60,039	 (175,183)
 CASH AND CASH EQUIVALENTS - Beginning of year	 <u>1,469,230</u>	 <u>1,644,413</u>
 CASH AND CASH EQUIVALENTS - End of year	 <u>\$ 1,529,269</u>	 <u>\$ 1,469,230</u>

# **ATHLOS ACADEMY OF JEFFERSON**

## **NOTES TO THE FINANCIAL STATEMENTS**

*June 30, 2021 and 2020*

### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Nature of Organization***

Athlos Academy of Jefferson (the Academy) was incorporated on April 19, 2016 as a nonprofit organization under the laws of the State of Louisiana. The purpose of the Academy is to provide high quality educational opportunities for the whole child built on the three foundational pillars of prepared mind, healthy body, and performance character. During the year ended June 30, 2019, the Academy began operating a school in Terrytown, Louisiana servicing students from Kindergarten through seventh grade. During the year ended June 30, 2020, the Academy expanded their services to students to include eighth grade. The Academy was approved to operate as a Type 2 charter school by the Louisiana Board of Elementary and Secondary Education (BESE) in June 2018. The Academy has partnered with Athlos Academies, an educational service provider, who provides management services and support for academic, fiscal, and operational services.

The charter contract entered into with BESE shall be effective for an initial period of four years and will terminate on June 30, 2022, unless extended for a maximum initial term of five years, contingent upon the results of a review by BESE after the completion of the third year of operation. Prior to the expiration of the current charter contract, the charter contract may be renewed at the discretion of BESE pursuant to applicable provisions of Title 17, Chapter 42, of the Louisiana Revised Statutes and BESE policy Bulletin 126.

In January of 2022, BESE approved a one-year probationary extension of the charter contract, through June 30, 2023, as recommended by the Louisiana Department of Education (LDOE) and contingent upon initial monitoring by the LDOE and development of a School Improvement Plan (SIP) to address deficiencies identified during the evaluation process to facilitate that standards for renewal are met.

#### ***Basis of Accounting and Financial Statement Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Academy to report information regarding its financial position and activities according to the following net asset classifications:

***Net assets without donor restrictions*** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy's management and the Board of Directors.



**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2021 and 2020*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***Basis of Accounting and Financial Statement Presentation - Continued***

**Net assets with donor restrictions** – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Academy or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted revenues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. The Academy did not have any assets with donor restrictions as of June 30, 2021 and 2020.

***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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Fair Value of Financial Instruments***

Fair value estimates, methods and assumptions for the Academy's financial instruments of cash and cash equivalents, grants receivable, deposits, accounts payable, accrued liabilities, due to the Louisiana Department of Education, and due to related party - other are that the carrying amounts reported approximate fair value at June 30, 2021 and 2020.

***Liquidity***

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash (See Note 7).

***Cash and Cash Equivalents***

The Academy considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. The Academy had no cash equivalents at June 30, 2021 and 2020.

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2021 and 2020*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***Grants Receivable***

Grants receivables consists of receivables related to the federal grant programs and are stated at the amounts the Academy expects to collect. As of June 30, 2021, and 2020, the Academy has determined that there were no balances deemed uncollectible.

***Revenue Recognition***

The Academy's primary sources of funding are through the State of Louisiana Public School Fund-Minimum Foundation Program (MFP) and federal and state grants. Revenues from federal and state grants are recorded when the Academy has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the Academy, or when earned under the terms of the grants.

***Functional Expenses***

The cost of providing program and other activities have been summarized on a functional basis (See Statements of Functional Expenses). Accordingly, certain costs are assigned to program or supporting services based on function codes determined by management, as allowed per the Louisiana Accounting and Uniform Governmental Handbook.

***New Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Topic 606 provides guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires the Academy to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. Athlos has adopted the provisions of Topic 606 and retrospectively applied this standard to financial statements as of and for the year ended June 30, 2020. The adoption of this standard did not have a material impact on the financial statements.



**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2021 and 2020*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***New Accounting Pronouncements-Continued***

In February 2016, the FASB issues Accounting Standards Update No. 2016-02, *Leases* (Topic 842). Topic 842 requires that a lease liability and related right-of-use asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance or operating, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and statement of cash flows will be substantially unchanged from the existing lease accounting guidance. Topic 842 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Athlos is currently evaluating the impact Topic 842 will have on their financial statements.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of cash deposits. The Academy at times has cash on deposit at financial institutions that is in excess of federally insured limits. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Academy has not experienced any losses in such accounts. The Academy has no policy requiring collateral or other security to support its deposits. The total bank balances were \$1,533,890 and \$1,496,124, of which \$1,282,011 and \$1,244,180 was uninsured for the years ended June 30 2021 and 2020, respectively.

**NOTE 3 – CONCENTRATIONS**

The Academy receives a significant portion of its support from the MFP. Management is not aware of any actions that will significantly affect the amount of funds the Academy will receive in future years. Approximately 90% and 89% of total revenue was received from the MFP program during the years ended June 30, 2021 and 2020, respectively.

**NOTE 4 – INCOME TAX STATUS**

The Academy received a tax-exempt ruling under Section 501(c)(3) from the Internal Revenue Service, and accordingly, is not subject to federal income tax unless the Academy has unrelated trade or business income. Management believes there are no uncertain tax positions. As of June 30, 2021, the Academy had three years of tax returns open for review by the IRS. The years 2020, 2019, and 2018 are included within the 3-year statute of limitations for IRS review. As of the date of the audit report, the Academy has not filed its tax return for the year ended June 30, 2021.

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2021 and 2020*

**NOTE 5 – EMPLOYEE BENEFIT PLAN**

The Academy sponsors a defined contribution plan (the Plan) for all employees qualified under Section 403(b) of the Internal Revenue Code. Contributions to the Plan by the Academy are based on the participants' contributions. The Academy pays expenses associated with the administration of the Plan. The Academy expensed contributions to the Plan totaling \$6,405 and \$12,283 during the years ended June 30, 2021 and 2020, respectively.

**NOTE 6 – LEASE**

The Academy entered into a build to suit lease agreement with, RJ Jefferson Parish I, LLC, a related party, as described in Note 8, for its school facility and related furniture and equipment in Terrytown, Louisiana, expiring August 2043. On July 8, 2020, the lease was amended to include the installation of portable buildings which increased the fixed monthly payment. Total lease expense was \$1,910,220 and \$1,698,387 for the years ended June 30, 2021 and 2020, respectively. The lease agreement provides for the following minimum lease payments during the twenty-five-year term of the lease.

Future minimum lease payments are as follows:

<u>June 30,</u>	
2022	\$ 1,963,379
2023	2,010,369
2024	2,058,535
2025	2,109,824
2026	2,162,569
Thereafter	<u>46,249,458</u>
	<u>\$ 56,554,134</u>

Upon the seventh anniversary of the lease inception date, and on each anniversary of the inception date thereafter, base rent will increase by an amount equal to two and one-half percent (2.5%) more than the base rent payable during the immediately preceding lease year.

The school facility lease agreement has a purchase option that may be exercised as of the fifth anniversary of the inception date and shall terminate upon the eighth anniversary of the inception date. Purchase price options are as follows: "The purchase price for the premises shall be equal to the capitalized value of the base rent to be in effect in the lease year following the date of the closing, calculated with a seven and one-half percent (7.5%) cap rate (the "Option Price")."



**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2021 and 2020*

**NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The table below represents financial assets available for general expenditures within one year at June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,529,269	\$ 1,469,230
Grants receivable	<u>875,496</u>	<u>681,133</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,404,765</u>	<u>\$ 2,150,363</u>

Certain assets have been deemed to not likely be converted into cash within one year and therefore, are not available to be used to satisfy general expenditures in the following year.

The Academy maintains a \$200,000 line of credit with a related party, as discussed in more detail in Note 8. The full line of credit was available as of June 30, 2021 and 2020.

**NOTE 8 – RELATED PARTIES**

The Academy entered into a master school services agreement effective beginning July 1, 2018, with School Model Support, L.L.C., dba Athlos Academies, to provide education, performance character, health and fitness programs, and school opening and ongoing management services. In addition, included in this agreement, the Academy is provided a trademark license agreement, which provides the Academy the right to use the Athlos Academies' logo. The agreement is for an initial term of five years and will expire on the fifth anniversary of the term commencement date. The Academy recognized management services expense of \$1,585,597 and \$1,377,187 for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020 the Academy had a remaining balance due to School Model Support, L.L.C. of \$225,589 and \$401,092, respectively.

The Academy entered into an agreement with Athlos Academies, Partner/National Affiliate, to provide a line of credit up to \$200,000 through July 31, 2023, with a 0 % interest rate. The unpaid principal balance was \$0 at June 30, 2021 and 2020.

The Academy entered into a facility lease agreement with RJ Jefferson Parish I, LLC, a related party with ownership similar to Athlos Academies, to rent school facilities. This is recorded as an operating lease and is described in Note 6.

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2021 and 2020*

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**NOTE 9 – CONTINGENCIES**

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

**NOTE 10 – COVID-19**

During March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) outbreak a public health emergency. There have been mandates from international, federal, state, and local authorities requiring forced closures of various schools, businesses, and other facilities and organizations. The situation could still negatively impact the Academy’s operations. While the closures and limitations of movement, domestically and internationally, are expected to be temporary, the duration of the disruption, and related financial impact, still cannot be estimated at this time. Should the effects of COVID-19 continue to spread, the impact could have a material adverse effect on the Academy’s financial position, results of operations, or cash flows.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which corresponds with the date of the Independent Auditors’ Report.

On August 29, 2021, Hurricane Ida made landfall in Southeast Louisiana, and the Academy sustained damage. Also, the Academy was affected operationally, as many of the staff and students were personally impacted by Hurricane Ida. As of the report date, the Academy is continuing to recover from the effects of these issues.

No other material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in these financial statements.

## ***SUPPLEMENTARY INFORMATION***



**INDEPENDENT AUDITORS' 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**

The Board of Directors of  
Athlos Academy of Jefferson  
Terrytown, 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 Athlos Academy of Jefferson (the Academy), which comprise the statement of financial position as of June 30, 2021, 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 April 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Athlos Academy of Jefferson's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Athlos Academy of Jefferson's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Athlos Academy of Jefferson'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003.

### **Athlos Academy of Jefferson's Response to Findings**

Athlos Academy of Jefferson's response to the findings identified in our audit is described in the accompanying management's correction action plan. Athlos Academy of Jefferson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We identified certain matters that were reported to management of Athlos Academy of Jefferson in a separate letter dated April 28, 2022.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
April 28, 2022

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

The Board of Directors of  
Athlos Academy of Jefferson  
Terrytown, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Athlos Academy of Jefferson's (the Academy) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.



## **Opinion on Each Major Federal Program**

In our opinion, the Academy complied, in all material respects, with the type 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, 2021.

## **Report on Internal Control Over Compliance**

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
April 28, 2022



**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended June 30, 2021*

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Award Year</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Passed through State of Louisiana Department of Education:			
Title I, Part A - Grants to Local Educational Agencies	84.010	2019 - 2020	\$ 263,385
Title I, Part A - Grants to Local Educational Agencies	84.010	2020 - 2021	<u>179,160</u>
Total Title I, Part A – Grants to Local Educational Agencies			442,545
COVID-19 Governor's Emergency Education Relief Fund	84.425C	2020 - 2021	45,753
Special Education Cluster			
IDEA Part B - Special Education Grants to States	84.027A	2019 - 2020	38,388
IDEA Part B - Special Education Grants to States	84.027A	2020 - 2021	<u>219,748</u>
Total Special Education Cluster			<u>258,136</u>
Total for U.S. Department of Education			746,434
U.S. Department of Agriculture			
Passed through State of Louisiana Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555	2020 - 2021	<u>474,140</u>
Total Child Nutrition Cluster			<u>474,140</u>
Total for U.S. Department of Agriculture			<u>474,140</u>
Total Federal Expenditures			<u>\$ 1,220,574</u>

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended June 30, 2021*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of Athlos Academy of Jefferson and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position and changes in net assets of the Academy. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2 – DETERMINATION OF TYPE A AND TYPE B PROGRAMS**

Federal award programs are classified as either Type A or Type B programs. For the year ended June 30, 2021, Type A programs consisted of the federal programs that expended over \$750,000 and Type B programs are the programs that expended under \$750,000.

**NOTE 3 – DE MINIMIS COST RATE**

During the year ended June 30, 2021, the Academy did not elect to use the 10% de minimis cost rate as covered in section 200.414 of the Uniform Guidance.

**NOTE 4 – SUBRECIPIENTS**

The Academy did not pass-through any of its federal awards to a subrecipient during the year ended June 30, 2021.

**NOTE 5 – NON-CASH ASSISTANCE**

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2021.

**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended June 30, 2021*

**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☒ Yes ☐ No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.010  
84.027A

Title I, Part A - Grants to Local Educational Agencies  
IDEA, Part B - Special Education Cluster

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

Auditee Qualified as Low-Risk Auditee? ☐ Yes ☒ No



**ATHLOS ACADEMY OF JEFFERSON**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued*  
*Year Ended June 30, 2021*

**2. FINANCIAL STATEMENT FINDINGS**

**Internal Control:**

**Material Weakness**

**2021-001**

**Criteria:**

Athlos Academies, Partner/National Affiliate (Home Court), oversees the Academy and is responsible for developing internal controls related to the preparation of the financial statements and the recording of financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Condition:**

During our audit procedures, we noted a breakdown of internal controls at Home Court over the year-end financial closing process.

**Cause:**

This breakdown in internal controls was due to Home Court, not having the proper safeguards in place to mitigate the impact on the financial reporting and accounting processes caused by the resignation of key operational and financial personnel.

**Effects:**

The following occurred or could occur as a result of the breakdown of internal controls:

- Year-end accrual entries were not properly recorded. As a result, material journal entries were recommended and subsequently recorded by management, to accrue and adjust accounts payable, accounts receivable, expenses and revenues, based on supporting documentation.
- Financial reports reflecting inaccurate financial information could significantly impact management's and the Board's ability to effectively operate and oversee the Academy, especially when reviewing the financial analysis, budgetary control and cash flow reports.
- Financial reports required by the State or Federal grantor agencies which reflect inaccurate financial information could significantly impact current and future funding.

**Recommendations:**

We present the following recommendations:

- Cross-train staff at Home Court as well as at the Academy so all positions have some backup support in case key personnel leave.
- Review and reconcile accounts to supporting documentation in a timely manner.
- Ensure year-end accrual entries are accurately recorded based on supporting documentation.

**ATHLOS ACADEMY OF JEFFERSON**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued*  
*Year Ended June 30, 2021*

**2. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Management's Response:**

Management concurred with the recommendation. See Management's Corrective Action Plan.

**Compliance:**

**2021-002**

**Criteria:**

Management is responsible for compliance with applicable laws and regulations. Louisiana Revised Statute 42:1170 requires that each public servant "shall receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment or term of office, as the case may be."

**Condition:**

During our audit procedures, the Academy was not able to provide evidence for one employee of the Academy supporting that they had received the minimum one hour of training on the Code of Governmental Ethics, as required by Louisiana Revised Statute 42:1170, within the fiscal period.

**Cause:**

This was the result of management either not ensuring the training was completed, or retaining the applicable certificate.

**Effect:**

The Academy may not be in-compliance with Louisiana Revised Statute 42:1170.

**Recommendation:**

We recommend the Academy implement procedures to ensure all employees receive the training and that management retain all certificates as required by Louisiana Revised Statute 42:1170.

**Management's Response:**

Management concurred with the recommendation. See Management's Corrective Action Plan.

**2021-003**

**Criteria:**

Management is responsible for compliance with applicable laws and regulations. Louisiana Revised Statute 24:513 requires local auditees to submit audit reports to the Louisiana Legislative Auditor (LLA) no later than six months after the local auditee's fiscal year end.

**ATHLOS ACADEMY OF JEFFERSON**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued*  
*Year Ended June 30, 2021*

**2. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Condition:**

The Academy did not submit its audit report to the LLA within six months of the Academy's year end.

**Cause:**

The Academy did receive an initial extension until March 31, 2022 due to Hurricane Ida. However, they were unable to meet this deadline due to the resignation of key senior management and finance personnel in January, 2022. These individuals provided audit oversight and were the contacts throughout the audit process. The key management positions were filled but the individuals needed time to review the documentation required for the audit to assure accuracy and completeness prior to submission. As such, they requested an additional extension.

**Effect:**

The Academy was not in compliance with Louisiana Revised Statute 24:513; However, a second extension was granted until April 30, 2022 by the LLA.

**Recommendation:**

The Academy should submit audit reports to the LLA in accordance with Louisiana Revised Statute 24:513.

**Management's Response:**

Management concurred with the recommendation. See Management's Corrective Action Plan.

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.



**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
*Year Ended June 30, 2021*

**1. FINANCIAL STATEMENT FINDINGS**

2020-001 – Overpayment of health insurance - Resolved

**2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**3. MEMORANDUM OF ADVISORY COMMENTS**

2020-01 – Retirement contributions – Unresolved – See Memorandum of Advisory Comments  
2021-01

2020-02 – Cash Handling Procedures – Unresolved – See Memorandum of Advisory Comments  
2021-02

2020-03 – Signature Authority Policy – Unresolved – See Memorandum of Advisory Comments  
2021-03

**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE OF COMPENSATION, REIMBURSEMENTS,**  
**BENEFITS AND OTHER PAYMENTS TO AGENCY HEADS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Cheryl Martin, Lower School Principal:

Purpose:	
Salary *	\$ 22,517
Benefits	2,135
Reimbursements	<u>-</u>
Total	<u>\$ 24,652</u>

Jordan Sanchez, Upper School Principal:

Purpose:	
Salary *	\$ 21,187
Benefits	2,341
Reimbursements	<u>740</u>
Total	<u>\$ 24,268</u>

\*During the fiscal year 2021, Ms. Martin and Mr. Sanchez were promoted to Lower School Principal and Upper School Principal, respectively. The payments included here represent the portion of their salary paid by the Academy on their previous employment contracts during the fiscal year 2021 before School Model Support assumed the responsibility per the master school services agreement.

# **ATHLOS ACADEMY OF JEFFERSON**

## **SCHEDULE OF BOARD OF DIRECTORS**

**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Board Member</u>	<u>Compensation</u>
Nick Berg, Board Chair	\$ -
Ruben Johnson, Vice Chair	-
Tiffany Nelson, Secretary	-
Harvey Wier, Treasurer	-
Elydia Ketchens, Board Member	-
Jaquetta Wright, Board Member	-
Stephen Sewell, Former Board Member*	-

*\*Former board member who was active during the year ended June 30, 2021.*



## CORRECTIVE ACTION PLAN AUDIT FINDINGS

April 28, 2022

### Louisiana State Legislative Auditor

Athlos Academy of Jefferson respectfully submits to you the following corrective action plan for the audit comments for the year ended June 30, 2021.

Kushner LaGraize, LLC  
Certified Public Accountants and Consultants  
3330 W Esplanade Ave- Suite 100  
Metairie, LA 70002

**Audit period: July 1, 2020 - June 30, 2021**

## AUDIT FINDINGS

### Internal Control:

### Material Weakness

### 2021-001

### Condition:

During our audit procedures, we noted a breakdown of internal controls at Home Court over the year-end financial closing process.

### Recommendations:

We present the following recommendations:

- Cross-train staff at Home Court as well as at the Academy so all positions have some backup support in case key personnel leave.
- Review and reconcile accounts to supporting documentation in a timely manner.
- Ensure year-end accrual entries are accurately recorded based on supporting documentation.

### Management's Response:

Athlos Academies agrees with the recommendations. Athlos Academies is in the process of cross-training new staff at Home Court and the Academy. Athlos Academies will create desk manuals to guide new staff should employee turnover continue. Athlos Academies will enforce policies and procedures to reconcile accounts to supporting documents in a timely manner and ensure year-end accrual entries are accurately recorded based on supporting documents.

**Compliance:**

**2021-002**

**Condition:**

During our audit procedures, the Academy was not able to provide evidence for one employee of the Academy supporting that they had received the minimum one hour of training on the Code of Governmental Ethics, as required by Louisiana Revised Statute 42:1170, within the fiscal period.

**Recommendation:**

We recommend the Academy implement procedures to ensure all employees receive the training and that management retain all certificates as required by Louisiana Revised Statute 42:1170.

**Management's Response:**

Athlos Academies agrees with the recommendation. Athlos Academies will create procedures to collect and store certificates of required training for all employees.

**2021-003**

**Condition:**

The Academy did not submit its audit report to the LLA within six months of the Academy's year end.

**Recommendation:**

The Academy should submit audit reports to the LLA in accordance with Louisiana Revised Statute 24:513.

**Management's Response:**

Athlos Academies agrees with the recommendation. Athlos Academies will create key personnel backup procedures to ensure timely submission of audits.



**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Athlos Academy of Jefferson,  
the Louisiana Department of Education,  
and the Louisiana Legislative Auditor  
Terrytown, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Athlos Academy of Jefferson (the School) and the Louisiana Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. The School is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

- I. 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 Schedule I:
  - a. Total General Fund Instructional Expenditures
  - b. Total General Fund Equipment Expenditures
  - c. Total Local Taxation Revenue
  - d. Total Local Earnings on Investment in Real Property
  - e. Total State Revenue in Lieu of Taxes
  - f. Nonpublic Textbook Revenue
  - g. Nonpublic Transportation Revenue

**We noted no exceptions.**



### **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 1, 2020 roll books for those classes and observed that the class was properly classified on the schedule.

**We noted no exceptions.**

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

3. We obtained October 1, 2020 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.

**Per review of the documentation maintained for the 25 individuals selected, we noted 3 individuals' education level did not agree to the data included in the October 1, 2020 PEP report. We also noted, that of the 25 individuals selected, 4 individuals' years of experience documented in their personnel file did not agree to the data included in the October 1, 2020 PEP report.**

### **Public School Staff Data: Average Salaries (NO SCHEDULE)**

4. We obtained June 30<sup>th</sup> 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).

**We noted no exceptions.**

This agreed-upon procedures engagement was performed 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, 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.

Management has responded, see attached.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Athlos Academy of Jefferson, 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.

*Kushner LaGraize, L.L.C.*

April 28, 2022  
Metairie, Louisiana

**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE I – GENERAL FUND INSTRUCTIONAL AND SUPPORT**  
**EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES**  
*As of and For the Year Ended June 30, 2021*  
*(Unaudited)*

**GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES**

GENERAL FUND INSTRUCTIONAL EXPENDITURES

TEACHER AND STUDENT INTERACTION ACTIVITIES

Classroom teacher salaries	\$ 3,520,896
Other instructional staff activities	458,690
Instructional staff employee benefits	823,859
Purchased professional and technical services	473,716
Instructional materials and supplies	421,761
Instructional equipment	<u>(249,414)</u>

TOTAL TEACHER AND STUDENT INTERACTION ACTIVITIES	5,449,508
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OTHER INSTRUCTIONAL ACTIVITIES	-
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PUPIL SUPPORT ACTIVITIES	161,942
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Less: equipment for pupil support activities	<u>-</u>
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NET PUPIL SUPPORT ACTIVITIES	161,942
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INSTRUCTIONAL STAFF SERVICES	67,498
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Less: equipment for instructional staff services	<u>-</u>
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NET INSTRUCTIONAL STAFF SERVICES	67,498
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SCHOOL ADMINISTRATION	1,749,137
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Less: equipment for school administration	<u>-</u>
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NET SCHOOL ADMINISTRATION	<u>1,749,137</u>
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TOTAL GENERAL FUND INSTRUCTIONAL EXPENDITURES	<u>\$ 7,428,085</u>
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TOTAL GENERAL FUND EQUIPMENT EXPENDITURES	<u>\$ 249,414</u>
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Note: Remainder of the BESE Schedule I does not apply to the Academy.



# **ATHLOS ACADEMY OF JEFFERSON**

## **SCHEDULE II – CLASS SIZE CHARACTERISTICS**

*As of October 1, 2020*

*(Unaudited)*

### **CLASS SIZE CHARACTERISTICS**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	19%	7	70%	25	8%	3	3%	1
Elementary Activity Classes	4%	3	85%	70	9%	7	2%	2
Middle/Jr. High	18%	3	58%	10	18%	3	6%	1
Middle/Jr. High Activity Classes	19%	8	60%	25	14%	6	7%	3
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	100%	6	-	-	-	-	-	-

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

## CORRECTIVE ACTION PLAN

April 28, 2022

### Board of Elementary and Secondary Education Auditor

Athlos Academy of Jefferson respectfully submits the following Corrective Action Plan in response to the BESE Agreed-Upon Procedures engagement performed for the year ended June 30, 2021.

Kushner LaGraize, LLC  
Certified Public Accountants and Consultants  
3330 W Esplanade Ave- Suite 100  
Metairie, LA 70002

**Audit period: July 1, 2020 - June 30, 2021**

### Procedure:

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

3. We obtained October 1, 2020 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.

**Per review of the documentation maintained for the 25 individuals selected, we noted 3 individuals' education level did not agree to the data included in the October 1, 2020 PEP report. We also noted, that of the 25 individuals selected, 4 individuals' years of experience documented in their personnel file did not agree to the data included in the October 1, 2020 PEP report.**

**Management's Response to 3:** Athlos Academies of Jefferson continues to train and implement corrective action procedures to ensure for FY22 and beyond that staff education level, and years-experience match submitted PEP reports. Additionally, Athlos Academy of Jefferson recently hired a human resource specialist and has implemented an electronic management system that auto-populates education level and years-experience for proper documentation.

***Memorandum of Advisory Comments***  
***ATHLOS ACADEMY OF JEFFERSON***

*June 30, 2021*



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**INTERNAL CONTROL  
AND RELATED MATTERS**

Board of Directors

**ATHLOS ACADEMY OF JEFFERSON**

We have audited the financial statements of Athlos Academy of Jefferson (the Academy), as of and for the year ended June 30, 2021, and have issued our report thereon dated April 28, 2022. As part of our audit we considered the Academy's internal control in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

Our consideration of the internal controls has been reported on in a separately issued report entitled *"Independent Auditors' 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."*

This memorandum summarizes various other matters which have come to our attention. While not involving significant deficiencies, these matters do present opportunities for strengthening the internal control and improving the operating efficiency of the Academy.

We have discussed our comments and recommendations with various administrative personnel and board members, and the Academy has completed a corrective action plan. We will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
April 28, 2022



**ATHLOS ACADEMY OF JEFFERSON**  
**MANAGEMENT LETTER COMMENTS**

*June 30, 2021*

**COMMENTS**

**2021-01**

During our audit procedures, we noted the employer portion of the retirement contributions accrued from the prior two years had not been remitted as of June 30, 2021. While, not remitting the employer portion timely to the Plan, may not be a potential violation of applicable laws and regulations, the Athlos Academy of Jefferson Parish 403(b) Plan document states “the Plan Sponsor is responsible for making timely contributions to the Plan.”

**Recommendation**

To maintain a strong internal control structure and to avoid potential non-compliance with applicable laws & regulations, we recommend that management review and reconcile this account to determine accuracy and completeness, and to remit the employer portion of retirement contributions in accordance with their Plan document.

**Management’s Response**

See Management’s Corrective Action Plan

**2021-02**

As in prior year, Athlos Academies’ Cash Handling Procedures Manual requires the use of a cash receipt system. During our audit testing, we noted the cash receipt system was not consistently utilized. In addition, we noted the Academy’s electronic approval process for time-off was not consistently applied.

**Recommendation**

To maintain a strong internal control structure, we recommend that management either follow their current policies and procedures to ensure that proper controls are implemented to prevent the potential of a misappropriation of assets, and compliance with applicable policies and procedures, or formally revise the policy to reflect the current procedures in place.

**Management’s Response**

See Management’s Corrective Action Plan

**ATHLOS ACADEMY OF JEFFERSON**  
**MANAGEMENT LETTER COMMENTS - CONTINUED**  
*June 30, 2021*

**2021-03**

Athlos Academies' Board Policy 2008, Signature Authority Policy addresses the processes and internal controls over check disbursements. However, the policy does not document the processes or internal controls over disbursements paid electronically, i.e. EFTs and through bill pay. In addition, Athlos Academies (Home Court) has assumed the responsibilities of processing disbursements through their accounts payable department and we noted the policy does not reflect this change as well.

**Recommendation**

To maintain a strong internal control structure, we recommend that management revise their formal policies and procedures to reflect current procedures to ensure that proper controls are documented and implemented over electronic payments and disbursements.

**Management's Response**

See Management's Corrective Action Plan

**2021-04**

During our audit procedures, we noted some cash receipts received electronically, did not have supporting documentation easily accessible to identify the type or payor of the funds. This resulted in reclassifications between several revenue accounts.

**Recommendation**

Supporting documentation is very important to ensure accuracy and completeness during the recording of the transaction and preparation of the bank reconciliation. This is an extremely critical part of any system of internal control, and procedures should be established that allow for this to be done as easily as possible. To maintain a strong internal control structure, we recommend that management review and revise their formal policies and procedures to strengthen internal controls over cash receipts to ensure receipts are recorded in the proper account and period, and the related documentation supports the transaction so that it can be easily identified.

**Management's Response**

See Management's Corrective Action Plan

**ATHLOS ACADEMY OF JEFFERSON**  
**MANAGEMENT LETTER COMMENTS - CONTINUED**

*June 30, 2021*

**2021-05**

During our audit procedures, we noted instances where reports required to be filed under federal and state programs and guidelines were not submitted timely. In addition, requests for reimbursements were not consistently prepared and submitted throughout the year, leaving a significant amount of funding remaining at year end. Fortunately, the State rolled this funding into the next years budget, and made it available.

**Recommendation**

While, Athlos received extensions to accommodate the late submissions, we strongly recommend that they review and revise their current policies and procedures to stipulate that the required reports must be filed by their respective due dates. It is critically important that timely and accurate reports be produced to ensure that the goals and purposes of the grants have been achieved and accounted for properly. In addition, current policies and procedures should reflect a process to prepare and submit requests for reimbursements on a consistent and timely basis to prevent the loss of current and future funding.

**Management's Response**

See Management's Corrective Action Plan



## MEMORANDUM OF ADVISORY COMMENTS ON CORRECTIVE ACTION PLAN

April 28, 2022

### Louisiana State Legislative Auditor

Athlos Academy of Jefferson respectfully submits to you the following corrective action plan for the audit comments for the year ended June 30, 2021.

Kushner LaGraize, LLC  
Certified Public Accountants and Consultants  
3330 W Esplanade Ave- Suite 100  
Metairie, LA 70002

**Audit period: July 1, 2020 - June 30, 2021**

### COMMENTS

#### 2021-01

During our audit procedures, we noted the employer portion of the retirement contributions accrued from the prior two years had not been remitted as of June 30, 2021. While, not remitting the employer portion timely to the Plan, may not be a potential violation of applicable laws and regulations, the Athlos Academy of Jefferson Parish 403(b) Plan document states "the Plan Sponsor is responsible for making timely contributions to the Plan."

#### Recommendation

To maintain a strong internal control structure and to avoid potential non-compliance with applicable laws & regulations, we recommend that management review and reconcile this account to determine accuracy and completeness, and to remit the employer portion of retirement contributions in accordance with their Plan document.

#### Management's Response

Athlos Academies has recently hired a Senior School Finance Manager who will work with the finance department and on-site accountant to research, review and reconcile the account and remit the employer portion of retirement contributions. The organization's CFO, Senior School Finance Manager, and finance team will make certain ongoing policies and procedures are implemented to ensure sustained compliance.

## **2021-02**

As in prior year, Athlos Academies' Cash Handling Procedures Manual requires the use of a cash receipt system. During our audit testing, we noted the cash receipt system was not consistently utilized. In addition, we noted the Academy's electronic approval process for time-off was not consistently applied.

### **Recommendation**

To maintain a strong internal control structure, we recommend that management either follow their current policies and procedures to ensure that proper controls are implemented to prevent the potential of a misappropriation of assets, and compliance with applicable policies and procedures, or formally revise the policy to reflect the current procedures in place.

### **Management's Response**

Athlos Academies' Senior School Finance Manager will assess all current policies and procedures, including the cash handling procedures manual, to determine if new policies and procedures need to be created and if revisions to existing policies and procedures are considered necessary. The organization's CFO, Senior School Finance Manager, and the finance team will implement and train personnel on these policies and procedures to ensure effective internal control systems.

## **2021-03**

Athlos Academies' Board Policy 2008, Signature Authority Policy addresses the processes and internal controls over check disbursements. However, the policy does not document the processes or internal controls over disbursements paid electronically, i.e. EFTs and through bill pay. In addition, Athlos Academies (Home Court) has assumed the responsibilities of processing disbursements through their accounts payable department and we noted the policy does not reflect this change as well.

### **Recommendation**

To maintain a strong internal control structure, we recommend that management revise their formal policies and procedures to reflect current procedures to ensure that proper controls are documented and implemented over electronic payments and disbursements.

### **Management's Response**

Athlos Academies' Senior School Finance Manager will assess the Athlos Academies Board Policy 2008 to determine the appropriate revisions. It will be amended to reflect current policies and procedures during an upcoming School Governing Board Meeting.

## **2021-04**

During our audit procedures, we noted some cash receipts received electronically, did not have supporting documentation easily accessible to identify the type or payor of the funds. This resulted in reclassifications between several revenue accounts.

### **Recommendation**

Supporting documentation is very important to ensure accuracy and completeness during the recording of the transaction and preparation of the bank reconciliation. This is an extremely critical part of any system of internal control, and procedures should be established that allow for this to be done as easily as possible. To maintain a strong internal control structure, we recommend that management review and revise their formal policies and procedures to strengthen internal controls over cash receipts to ensure receipts are recorded in the proper account and period, and the related documentation supports the transaction so that it can be easily identified.

### **Management's Response**

Athlos Academies will review and revise internal control policies related to cash receipts and train the appropriate personnel to ensure receipts have proper supporting documentation.



## **2021-05**

During our audit procedures, we noted instances where reports required to be filed under federal and state programs and guidelines were not submitted timely. In addition, requests for reimbursements were not consistently prepared and submitted throughout the year, leaving a significant amount of funding remaining at year end. Fortunately, the State rolled this funding into the next year's budget, and made it available.

### **Recommendation**

While, Athlos received extensions to accommodate the late submissions, we strongly recommend that they review and revise their current policies and procedures to stipulate that the required reports must be filed by their respective due dates. It is critically important that timely and accurate reports be produced to ensure that the goals and purposes of the grants have been achieved and accounted for properly. In addition, current policies and procedures should reflect a process to prepare and submit requests for reimbursements on a consistent and timely basis to prevent the loss of current and future funding.

### **Management's Response**

Athlos Academies has engaged a federal and state programs specialist management to improve the management of timely reports and reimbursements throughout the fiscal year. Athlos Academies will review and revise current policies and procedures to stipulate that required reports must be completed by their respective due dates and add a process to prepare and submit requests for reimbursements on a consistent and timely basis to prevent possible loss of current and future funding.