

**WARREN EASTON CHARTER HIGH SCHOOL
FOUNDATION, INC. and AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

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REPORT





Carr, Riggs & Ingram, LLC

111 Veterans Boulevard

Suite 350

Metairie, LA 70005

504.837.9116

504.837.0123 (fax)

CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Warren Easton Charter High School Foundation, Inc. and Affiliate
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

Carr, Rigg & Ingram, L.L.C.

Metairie, Louisiana
March 31, 2023



FINANCIAL STATEMENTS



Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,723,651	\$ 9,904,732
Restricted cash	254,896	199,019
Grant receivables	1,837,882	446,167
Other receivables	101,281	376,081
Inventory	5,017	5,017
Prepaid expenses	29,013	26,811
Total current assets	3,951,740	10,957,827
Rent reserve	4,233,574	-
Property and equipment, net	627,716	616,358
Total assets	\$ 8,813,030	\$ 11,574,185
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 383,851	\$ 883,299
Accrued expenses	260,093	338,904
Deferred revenues	18,163	1,260
Total current liabilities	662,107	1,223,463
Net assets		
Without donor restrictions	7,737,870	10,074,098
With donor restrictions	413,053	276,624
Total net assets	8,150,923	10,350,722
Total liabilities and net assets	\$ 8,813,030	\$ 11,574,185

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total
Revenue and Other Support			
Contributions	\$ 798,938	\$ 77,438	\$ 876,376
Grants			
Federal	2,245,847	-	2,245,847
State	6,551	-	6,551
Local Minimum Foundation Program	5,264,527	-	5,264,527
State Minimum Foundation Program	4,400,909	-	4,400,909
Student activity fees	547,366	258,010	805,376
Interest income	16,282	-	16,282
Other revenues	52,087	-	52,087
Net assets released from restrictions	199,019	(199,019)	-
Total revenue and other support	13,531,526	136,429	13,667,955
Expenses			
Instructional	13,159,560	-	13,159,560
Management and general	2,617,267	-	2,617,267
Fundraising	90,927	-	90,927
Total expenses	15,867,754	-	15,867,754
Change in Net Assets	(2,336,228)	136,429	(2,199,799)
Net assets at beginning of year	10,074,098	276,624	10,350,722
Net assets at end of year	\$ 7,737,870	\$ 413,053	\$ 8,150,923

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total
Revenue and Other Support			
Contributions	\$ 300,290	\$ 32,987	\$ 333,277
Grants			
Federal	1,354,077	-	1,354,077
Local Minimum Foundation Program	5,715,055	-	5,715,055
State Minimum Foundation Program	4,310,685	-	4,310,685
Student activity fees	479,743	199,019	678,762
Interest income	21,854	-	21,854
Other revenues	157,932	-	157,932
Net assets released from restrictions	365,514	(365,514)	-
Total revenue and other support	12,705,150	(133,508)	12,571,642
Expenses			
Instructional	11,039,290	-	11,039,290
Management and general	2,459,341	-	2,459,341
Fundraising	61,858	-	61,858
Total expenses	13,560,489	-	13,560,489
Change in Net Assets	(855,339)	(133,508)	(988,847)
Net assets at beginning of year	10,929,437	410,132	11,339,569
Net assets at end of year	\$ 10,074,098	\$ 276,624	\$ 10,350,722

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Functional Expenses

<i>For the year ended June 30,</i>	Instructional	Management & General	Fund- Raising	2022 Totals
Salaries	\$ 6,385,048	\$ 709,450	\$ -	\$ 7,094,498
Employee benefits	2,363,561	262,618	-	2,626,179
Depreciation	-	35,954	-	35,954
Equipment rental	-	15,689	-	15,689
Food services	15,914	1,768	-	17,682
Insurance	-	136,959	-	136,959
Other expenses	40,358	612,094	20,179	672,631
Other services	-	354,612	-	354,612
Professional services	271,742	271,742	-	543,484
Repairs and maintenance	446,923	23,522	-	470,445
Shared services	162,542	18,060	-	180,602
Student activity	746,385	-	-	746,385
Supplies:				
Instructional	5,474	487	122	6,083
Other	614,919	13,665	54,659	683,243
Transportation	1,379,662	-	-	1,379,662
Travel	48,438	56,862	-	105,300
Utilities	678,594	103,785	15,967	798,346
Total	\$ 13,159,560	\$ 2,617,267	\$ 90,927	\$ 15,867,754

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Functional Expenses

<i>For the year ended June 30,</i>	Instructional	Management & General	Fund- Raising	2021 Total
Salaries	\$ 5,861,014	\$ 651,224	\$ -	\$ 6,512,238
Employee benefits	2,167,058	240,784	-	2,407,842
Depreciation	-	48,808	-	48,808
Equipment rental	-	16,960	-	16,960
Food services	17,155	1,906	-	19,061
Insurance	-	122,438	-	122,438
Other expenses	39,866	604,635	19,933	664,434
Other services	-	342,080	-	342,080
Printing	401	6,078	200	6,679
Professional services	278,830	278,831	-	557,661
Repairs and maintenance	468,369	24,651	-	493,020
Shared services	141,393	15,710	-	157,103
Student activity	629,470	-	-	629,470
Supplies:			-	
Instructional	5,974	531	133	6,638
Other	312,237	6,939	27,754	346,930
Transportation	522,739	-	-	522,739
Travel	6,659	7,817	-	14,476
Utilities	588,125	89,949	13,838	691,912
Total	\$ 11,039,290	\$ 2,459,341	\$ 61,858	\$ 13,560,489

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ (2,199,799)	\$ (988,847)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	35,954	48,808
Donation of property	-	265,000
Changes in operating assets and liabilities:		
Grant receivables	(1,391,715)	587,500
Other receivables	274,800	(321,649)
Prepaid expenses	(2,202)	144,334
Accounts payable	(499,448)	648,080
Accrued expenses	(78,811)	(153,077)
Deferred revenues	16,903	630
Net cash provided by (used in) operating activities	(3,844,318)	230,779
Investing Activities		
Purchases of equipment	(47,312)	(4,646)
Sales of building and land	-	100,000
Net cash provided by (used in) investing activities	(47,312)	95,354
Financing Activities		
Payments on long term debt	-	(266,921)
Net cash provided by (used in) investing activities	-	(266,921)
Net change in cash, cash equivalents, and restricted cash	(3,891,630)	59,212
Cash, cash equivalents, and restricted cash at beginning of year	10,103,751	10,044,539
Cash, cash equivalents, and restricted cash at end of year	\$ 6,212,121	\$ 10,103,751
Supplemental Cash Flow Information		
Cash paid for interest	\$ -	\$ 14,197
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 1,723,651	\$ 9,904,732
Restricted cash	4,488,470	199,019
Cash, cash equivalents, and restricted cash at end of year	\$ 6,212,121	\$ 10,103,751

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATIONS

Warren Easton Charter High School Foundation, Inc. d/b/a Warren Easton Charter High School (the School), incorporated on March 21, 2006, is an educational institution organized to improve student learning, increase learning opportunities for all students, encourage the use of innovative teaching methods and a variety of governance, management, and administrative structures, be more thoroughly accountable for educational results, and create new professional opportunities for teachers and other employees.

Friends of Warren Easton (Friends), incorporated on August 25, 2015, is a non-profit organization created and operated for the benefit of Warren Easton Charter High School Foundation, Inc.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Consolidation

The consolidated financial statements include accounts of Warren Easton Charter High School Foundation, Inc. and Friends of Warren Easton, collectively referred to as the Organizations. All material intercompany account balances and transactions have been eliminated.

Use of Estimates

The preparation of consolidated 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. Estimates that are particularly susceptible to significant change in the near term are related to depreciation and the functional allocation of expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by state law for the use of student activities.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant and Other Receivables

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

Inventory

Inventory consisted of items that are sold at the School's store, The Eagles' Nest. Items sold at the store include sweaters, T-shirts, socks, school supplies, etc. Inventory is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the consolidated statements of activities in the period in which it occurs.

Rent Reserve

Rent reserve consists of amounts reserved for the payment of rent on 3030 Canal Street in accordance with the rental agreement.

Property and Equipment

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

Impairment of Long-Lived Assets

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

Net Assets

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

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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

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

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

Contributions and Revenue Recognition

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

The School primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and NOLA Public Schools. For the year ended June 30, 2022, the School received \$4,753 from the State and \$5,685 from NOLA Public Schools per eligible student in attendance at the official pupil count date of October 1, 2021. For the year ended June 30, 2021, the School received \$3,273 from the State and \$5,856 from NOLA Public Schools per eligible student in attendance at the official pupil count date of October 1, 2020.

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

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Revenue Recognition (Continued)

Special event and fundraising revenues are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organizations recognized revenue when persuasive evidence of an arrangement existed, delivery of products or occurrence of services had occurred, the transaction price was fixed or determinable and collectability was reasonably assured. Special event and fundraising revenues received in advance are deferred and recognized over the periods to which the dates and costs relate. These amounts are included in performance obligation liabilities within the consolidated statements of financial position. Due to the Covid pandemic, there was no special event or fundraising revenue raised for the years ended June 30, 2022 and 2021.

Donated Assets

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

Donated Services

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

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. The majority of expenses are allocated based on actual time and effort. However, insurance, repairs and maintenance, utilities, and depreciation require allocation based on the square footage of the building.

Income Taxes

The Organizations have received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, are not subject to federal or state income tax unless the Organizations have unrelated trade or business income. There was no unrelated trade or business income for the years ended June 30, 2022 and 2021.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

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

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 31, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recent Accounting Pronouncements

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

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. On June 3, 2020, FASB issued ASU 2020-05 effectively delaying required implementation of the lease standard to annual period beginning after December 15, 2021. The Organizations elected not to early adopt the provisions of ASU 2016-02 for the year ended June 30, 2022. The Organizations are currently evaluating the impact of this ASU on the consolidated financial statements.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

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

<i>June 30,</i>	2022	2021
Total assets at year end	\$ 8,813,030	\$ 11,574,185
Less non-financial assets		
Inventory	(5,017)	(5,017)
Prepaid expenses and other assets	(29,013)	(26,811)
Property and equipment, net	(627,716)	(616,358)
Financial assets at year-end	8,151,284	10,925,999
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(413,053)	(276,624)
Rent reserve	(4,233,574)	-
Board designations	(1,619,737)	(1,619,737)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,884,920	\$ 9,029,638

Note 4: GRANT AND OTHER RECEIVABLES

Grant receivables were comprised of the following amounts as of June 30, 2022 and 2021:

	2022	2021
Louisiana Department of Education		
Title I	\$ 278,417	\$ 160,704
Title II	33,408	10,120
Title IV	8,639	2,839
Direct Student Services	4,419	398
McKinney-Vento Homeless	2,439	-
IDEA B	180,352	80,351
Carl Perkins	43,787	41,102
ESSER I	138,745	85,456
ESSER II	600,361	65,197
ESSER III	547,315	65,197
Total grants receivable	\$ 1,837,882	\$ 446,167

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements

Note 4: GRANT AND OTHER RECEIVABLES (Continued)

Other receivables consist of \$101,281 and \$376,081 as of June 30, 2022 and 2021, respectively. Other receivables for the year ended June 30, 2022 consisted of donations from various donors. Other receivables for the year ended June 30, 2021 consisted of \$350,000 for a building expansion project and donations from various donors. There was no bad debt expense for the years ended June 30, 2022 and 2021.

Note 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	Estimated Useful Lives (in years)	2022	2021
Leasehold improvements	7-10	\$ 991,659	\$ 944,346
Equipment	3-6	1,657,330	1,657,330
Total		2,648,989	2,601,676
Accumulated depreciation		(2,021,272)	(1,985,318)
Total property and equipment, net		\$ 627,717	\$ 616,358

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$35,954 and \$48,808, respectively.

Note 6: MORTGAGE PAYABLE

Friends entered into a mortgage payable with a financial institution on June 30, 2018 for the purchase of a building that was collateralized by the building. The debt had an interest rate of 5.5% and a maturity date of June 18, 2038. As of June 30, 2021, the building was sold and the mortgage payable was fully paid. Interest expense related to the mortgage payable was \$14,197 for the year ended June 30, 2021.

Note 7: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2022	2021
Undesignated	\$ 1,884,559	\$ 8,454,361
Board designated		
Rent reserve	4,233,574	-
Capital purchases	1,619,737	1,619,737
Total net assets without donor restrictions	\$ 7,737,870	\$ 10,074,098

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements

Note 7: NET ASSETS (Continued)

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2022	2021
Student activities funds	\$ 258,010	\$ 199,019
Friends Scholarships	56,031	31,486
Wellness	52,893	-
Alumni	22,050	22,050
Academic enhancements	24,069	24,069
Total net assets with donor restrictions	\$ 413,053	\$ 276,624

Note 8: CONCENTRATIONS OF CREDIT RISK

The Organizations maintain cash deposits in several accounts at one financial institution. These accounts, except for the sweep accounts, are insured by the Federal Deposit Insurance Commission (FDIC) up to \$250,000. At June 30, 2022 and 2021, the Organizations had cash balances, excluding the sweep account, in excess of the FDIC insured limit totaling \$2,319,958 and \$9,085,234, respectively. The sweep account, which had a cash balance of \$457,977 and \$850,141 at June 30, 2022 and 2021, respectively, consisted of a Federated Investors Government Obligations Money Market Fund that is not FDIC insured. The fund is completely invested in U.S. government obligations with short-term maturities.

For the years ended June 30, 2022 and 2021, the Organizations received approximately 32% and 34%, respectively, of its total revenue from State public school funds, and approximately 39% and 45%, respectively, of its total revenue from Local public school funds. As of June 30, 2022 and 2021, the Organizations had 100% of its grant receivables from federal sources passed through state sources.

Note 9: COMMITMENTS

The Organizations have employment contracts with most of its employees. The contracts for the current year expired June 30, 2022. All contracts provided for a minimum annual salary and other benefits.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 10: RETIREMENT PLAN

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

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

Participants are required to contribute 8% of the annual covered payroll to TRSL. For the years ended June 30, 2022 and 2021, the School was required to contribute 25.2% and 25.8%, respectively, each year of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee.

For the years ended June 30, 2022 and 2021, the School's contributions to TRSL totaled \$1,817,640 and \$1,603,276, respectively, and are included in employee benefits on the consolidated statements of functional expenses.

Note 11: RELATED PARTY TRANSACTIONS

The Louisiana Legislature approved a 2% administrative fee to be paid by all charter schools to NOLA Public Schools. For the years ended June 30, 2022 and 2021, the School paid \$154,608 and \$195,668, respectively, in administrative fees.

NOLA Public Schools charges the School for the property and flood insurance costs, as further described in Note 12. For the years ended June 30, 2022 and 2021, the School paid property & flood insurance costs to NOLA Public Schools of \$180,602 and \$157,103, respectively. The remaining balance for the years ended June 30, 2022 and 2021, \$17,127 and \$19,061, respectively, are for the food services provided by NOLA Public Schools for meals at the School.

Note 12: SCHOOL OPERATION/LEASEHOLD INTEREST

On July 1, 2011, the School's operating agreement renewal with NOLA Public Schools (formerly the Orleans Parish School Board) went into effect. This allows the School to use the facilities and contents located at 3019 Canal Street, New Orleans, LA 70119, or any other locations that may be approved by the School and NOLA Public Schools. This agreement expired on June 30, 2017. The agreement was renewed in June 2017 through June 30, 2026.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 12: SCHOOL OPERATION/LEASEHOLD INTEREST (Continued)

For the years ended June 30, 2022 and 2021, the School paid annual usage fees (shared services including insurance costs) to NOLA Public Schools of \$180,602 and \$157,103, respectively. NOLA Public Schools can increase this fee prior to the next fiscal year based on the actual cost of flood and property insurance they are able to obtain.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. If capital improvements are made by the School with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to NOLA Public Schools at the time the agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

The School also has the rights to use land, building and equipment that are owned by NOLA Public Schools for no fee. Use of the land, building and equipment is not recorded as an in-kind contribution from as the value of the use of the land, building and equipment is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 13: RISK MANAGEMENT

The Organizations are 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 for the years ended June 30, 2022 and 2021.

Note 14: PPP REVENUE

On April 28, 2020, the School received a loan in the amount of \$1,375,000 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the U.S. Small Business Administration (SBA). The School recognized revenue from the PPP loan following the guidance under FASB ASC 958-605. The School has used the PPP loan funds for its payroll and benefits purposes consistent with the PPP. As of June 30, 2020, the School had incurred \$1,375,000 of qualified expenses under this PPP loan and recognized \$1,375,000 of PPP loan revenue related to these qualifying expenses.

The School received forgiveness of the full amount of the loan and related interest in June 2021.



SUPPLEMENTARY INFORMATION



**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Compensation, Benefits and Other Payments to Agency Head**

For the Year Ended June 30,

2022

Agency Head Name: Mervin Jackson, Principal

PURPOSE	AMOUNT
Salary	\$ 172,900
Benefits-health insurance	6,082
Benefits-retirement	43,301
Benefits-life insurance	40
Benefits-long term disability	429
Benefits-Fica and Medicare	28,383
Cell phone	932
Dues	7,000
Per diem	-
Reimbursements	424
Travel	1,793
Registration fees	-
Conference travel	-
Meetings and conventions	-
Other	7,400
	\$ 268,685

**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***

To the Board of Directors of
Warren Easton Charter High School Foundation, Inc. and Affiliate
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (nonprofit organizations), which comprises the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-002.

The Organizations' Response to Findings

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

Purpose of this Report

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

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

Metairie, Louisiana
March 31, 2023



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

504.837.9116
504.837.0123 (fax)
CRlcpa.com

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

Board of Directors
Warren Easton Charter High School
Foundation Inc and Affiliate
New Orleans, Louisiana

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (nonprofit organizations) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organizations' major federal program for the year ended June 30, 2022. The Organizations' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Metairie, Louisiana
March 31, 2023

Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Amount Passed through to subrecipient</u>	<u>Total Federal Expenditures</u>
Department of Education/Passed-Through				
State of Louisiana Department of				
Education				
<i>Special Education Cluster</i>				
Special Education Grants to States	84.027	n/a	\$ -	\$ 288,925
Total Special Education Cluster			-	288,925
Title I Grants to Local Educational Agencies	84.010	n/a	-	347,632
Title I Grants – Direct Student Services	84.010	n/a	-	4,021
Total Title I Grants			-	351,653
Title IV Student Support and Academic Enrichment Grants	84.424	n/a	-	3,200
Career and Technical Education – Basic Grants to States	84.048	n/a	-	43,785
McKinney-Vento Homeless	84.196	n/a	-	2,439
Supporting Effective Instruction State Grants	84.367	n/a	-	23,288
Total Passed-Through State of Louisiana Department of Education				710,090
Department of Education/Passed-Through				
NOLA Public Schools				
COVID-19 Education Stabilization Fund	84.425D	n/a	-	1,529,913
Total Department of Education			-	1,349,055
Total Expenditures of Federal Awards			\$ -	\$ 2,243,203

Warren Easton Charter High School Foundation, Inc. and Affiliate
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 (the Schedule) presents the expenditures of all federal awards of Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (nonprofit organizations) for the year ended June 30, 2022. 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). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

Note 2: INDIRECT COST RATE

The Organizations have not elected to use the 10% de minimis indirect rate allowed under the Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

Federal grant revenue	\$ 2,243,203
Immaterial unreconciled differences	2,644
<hr/>	
Expenditures of federal awards	\$ 2,245,847
<hr/>	

Note 4: LOANS

The Organizations did not expend federal awards related to loans or loan guarantees during the year.

Note 5: FEDERALLY FUNDED INSURANCE

The Organizations have no federally funded insurance.

Note 6: NONCASH ASSISTANCE

The Organizations received no noncash assistance.

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | Yes |

Federal Awards

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

4. Identification of major programs

Assistance Listing Number	Federal Program
84.425D	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | No |

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section II – Consolidated Financial Statement Findings

Finding 2022-001 Material Weakness – Internal Controls over Financial Reporting – FINANCIAL CLOSE/ACCOUNT RECONCILIATION

Criteria: The Financial Accounting Standards Board (FASB) requires that not-for-profit entities maintain their accounting records and prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: Due to audit procedures, material adjustments were necessary in order to correct/update the books and records of the School as of June 30, 2022. Prior to the adjustments, receivables were overstated by \$53,094, payables were understated by \$138,894, deferred revenue understated by \$17,533, revenue was overstated by \$70,627, and expenses were understated by \$132,898.

Cause: The books and records of the School were not completely and appropriately reconciled and closed prior to audit procedures.

Effect: Payables and expenses were materially misstated prior to the adjustments.

Recommendation: We recommend that the School implement and monitor controls to ensure all accounts are reconciled and closed timely after the end of each fiscal period.

Management Response: See corrective action plan on page 33.

Finding 2022-002 Noncompliance – STUDENT ELIGIBILITY

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

Condition: The School did not maintain documentation that it reviewed student eligibility prior to acceptance for the 2021-2022 school year. 10 of 60 files tested did not contain documentation that the student resided within Orleans Parish. 5 of 60 files tested did not contain documentation such as birth certificate or social security card that the student existed.

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

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

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Finding 2022-002 Noncompliance – STUDENT ELIGIBILITY (Continued)

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

Management Response: See corrective action plan on page 33.

Finding 2022-003 Noncompliance – LATE FILING FINDING

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

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

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

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

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

Management Response: See corrective action plan on page 33.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – Management Letter

No management letter was issued

Section V – Summary Schedule of Prior Audit Findings

No prior audit findings noted.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Financial Position
For the Year Ended June 30, 2022

<i>June 30,</i>	School	Foundation	SAF	Warren Easton Charter High School Foundation	Friends of Warren Easton	Eliminating Entries	2022 Total
Assets							
Current assets							
Cash and cash equivalents	\$ 1,227,372	\$ 392,463	\$ -	\$ 1,619,835	\$ 103,816	\$ -	\$ 1,723,651
Restricted cash	-	-	254,896	254,896	-	-	254,896
Grant receivables	1,837,882	-	-	1,837,882	-	-	1,837,882
Other receivables	97,228	22,989	3,114	123,331	-	(22,050)	101,281
Inventory	5,017	-	-	5,017	-	-	5,017
Prepaid expenses	29,013	-	-	29,013	-	-	29,013
Total current assets	3,196,512	415,452	258,010	3,869,974	103,816	(22,050)	3,951,740
Rent reserve	4,233,574	-	-	4,233,574	-	-	4,233,574
Property and equipment, net	627,716	-	-	627,716	-	-	627,716
Total assets	\$ 8,057,802	\$ 415,452	\$ 258,010	\$ 8,731,264	\$ 103,816	\$ (22,050)	\$ 8,813,030
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 361,936	\$ 43,965	\$ -	\$ 405,901	\$ -	\$ (22,050)	\$ 383,851
Accrued expenses	99,731	160,362	-	260,093	-	-	260,093
Deferred revenues	18,163	-	-	18,163	-	-	18,163
Total current liabilities	479,830	204,327	-	684,157	-	(22,050)	662,107
Net assets							
Without donor restriction	7,501,010	189,075	-	7,690,085	47,785	-	7,737,870
With donor restrictions	76,962	22,050	258,010	357,022	56,031	-	413,053
Total net assets	7,577,972	211,125	258,010	8,047,107	103,816	-	8,150,923
Total liabilities and net assets	\$ 8,057,802	\$ 415,452	\$ 258,010	\$ 8,731,264	\$ 103,816	\$ (22,050)	\$ 8,813,030

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Activities
For the Year Ended June 30, 2022

<i>For the year ended June 30,</i>	Warren Easton	Foundation	SAF	Warren Easton Charter HighSchool Foundation, Inc.	Friends of Warren Easton	Eliminations	2022 Total
Revenue and Other Support							
Contributions	\$ 800,634	\$ 75,742	\$ -	\$ 876,376	\$ -	\$ -	\$ 876,376
Grants							
Federal	2,245,847	-	-	2,245,847	-	-	2,245,847
State	6,551.00	-	-	6,551	-	-	6,551
Local Minimum Foundation Program	5,264,527	-	-	5,264,527	-	-	5,264,527
State Minimum Foundation Program	4,400,909	-	-	4,400,909	-	-	4,400,909
Student activity fees	-	-	805,376	805,376	-	-	805,376
Interest income	15,206	848	-	16,054	228	-	16,282
Other revenues	37,747	14,340	-	52,087	-	-	52,087
Total revenue and other support	12,771,421	90,930	805,376	13,667,727	228	-	13,667,955
Expenses							
Instructional	12,288,425	124,750	746,385	13,159,560	-	-	13,159,560
Management and general	2,561,773	55,002	-	2,616,775	492	-	2,617,267
Fundraising	86,610	4,317	-	90,927	-	-	90,927
Total expenses	14,936,808	184,069	746,385	15,867,262	492	-	15,867,754
Change in Net Assets	(2,165,387)	(93,139)	58,991	(2,199,535)	(264)	-	(2,199,799)
Net assets at beginning of year	9,743,359	304,264	199,019	10,246,642	104,080	-	10,350,722
Net assets at end of year	\$ 7,577,972	\$ 211,125	\$ 258,010	\$ 8,047,107	\$ 103,816	\$ -	\$ 8,150,923



WARREN EASTON CHARTER HIGH SCHOOL

3019 CANAL STREET · NEW ORLEANS, LOUISIANA 70119 · (o) 504.324.7400 · (f) 504.3247946

March 31, 2023

RE: Corrective Action Plan

Warren Easton Charter High School respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

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

Audit Period:

Fiscal Year July 1, 2021 through June 30, 2022

Finding 2022-001 Material Weakness – Internal Controls over Financial Reporting – FINANCIAL CLOSE/ACCOUNT RECONCILIATION

Criteria: The Financial Accounting Standards Board (FASB) requires that not-for-profit entities maintain their accounting records and prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: Due to audit procedures, material adjustments were necessary in order to correct/update the books and records of the School as of June 30, 2022. Prior to the adjustments, receivables were overstated by \$53,094, payables were understated by \$138,894, deferred revenue understated by \$17,533, revenue was overstated by \$70,627, and expenses were understated by \$132,898.

Cause: The books and records of the School were not completely and appropriately reconciled and closed prior to audit procedures.

Effect: Payables and expenses were materially misstated prior to the adjustments.

Auditors' recommendation: We recommend that the School implement and monitor controls to ensure all accounts are reconciled and closed timely after the end of each fiscal period.

Management response: Warren Easton experienced key personnel changes and lingering effects of COVID-19 and Hurricane IDA during fiscal year 2022 which had a direct effect on the financial statement year end closing procedures. Easton plans to re-emphasize policies and procedures to enforce a timely financial close.

Responsible Party: Lindsay Carter, Chief Financial Officer



WARREN EASTON CHARTER HIGH SCHOOL

3019 CANAL STREET · NEW ORLEANS, LOUISIANA 70119 · (o) 504.324.7400 · (f) 504.3247946

Estimated Completion Date: June 30, 2023

Finding 2022-002 Noncompliance – STUDENT ELIGIBILITY

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

Condition: The School did not maintain documentation that it reviewed student eligibility prior to acceptance for the 2021-2022 school year. 10 of 60 files tested did not contain documentation that the student resided within Orleans Parish. 5 of 60 files tested did not contain documentation such as birth certificate or social security card that the student existed.

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

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

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

Management response: Warren Easton had key staff turn over in the counseling department which resulted in this documentation failure. Easton has implemented a new student verification checklist for the student folders and will properly verify the addresses using this improved process.

Responsible Party: Lindsay Carter, Chief Financial Officer

Estimated Completion Date: December 30, 2022

Finding 2022-003 Noncompliance – LATE FILING FINDING

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

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

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



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

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

Management response: Warren Easton experienced key personnel changes and lingering effects of COVID-19 and Hurricane IDA during fiscal year 2022 which had a direct effect on the financial statement year end closing procedures. Easton submitted an extension through 3/31/2023 and have submitted a report on 3/31/2023. Easton plans to re-emphasize policies and procedures to enforce a timely financial close.

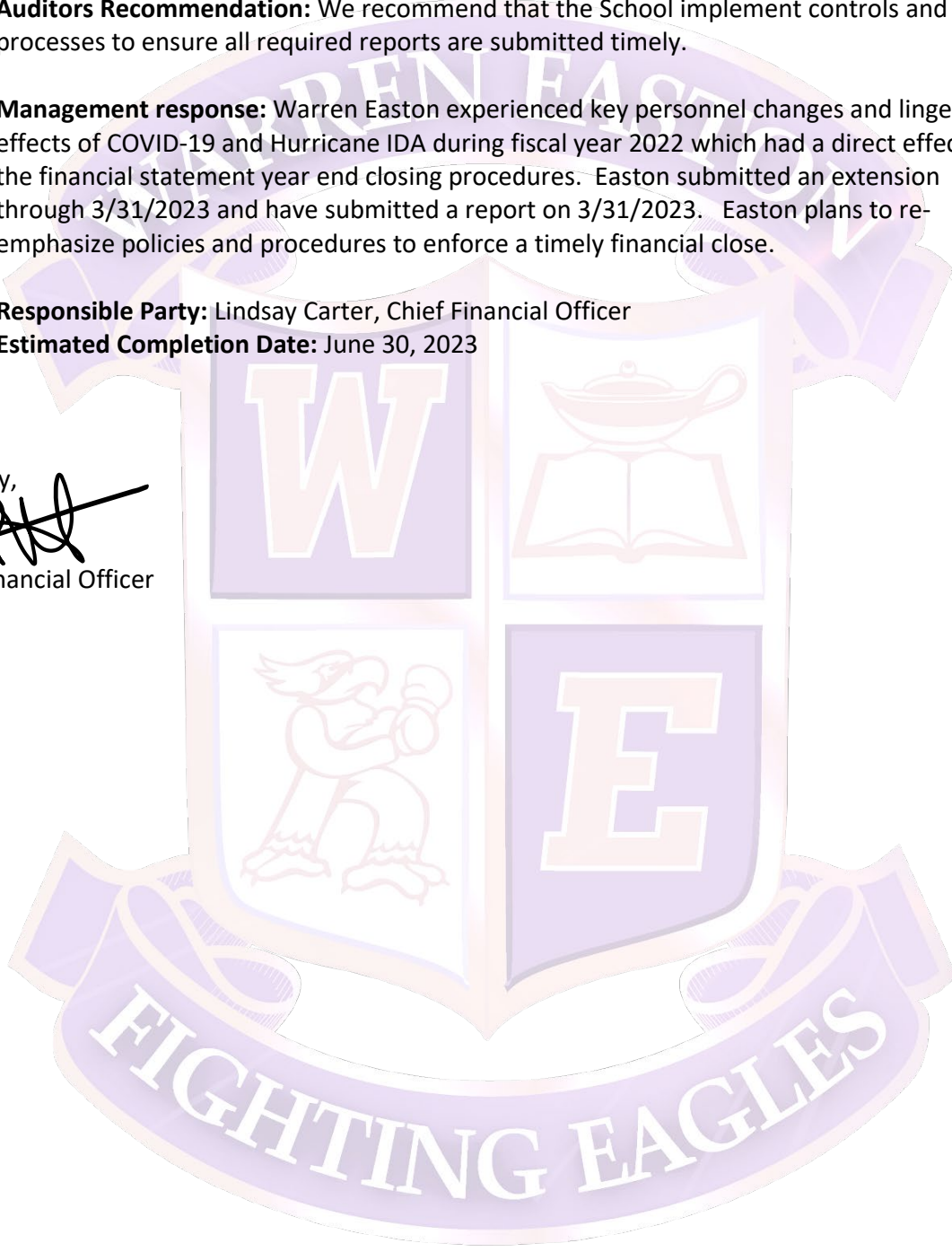
Responsible Party: Lindsay Carter, Chief Financial Officer

Estimated Completion Date: June 30, 2023

Sincerely,

A handwritten signature in black ink, appearing to be 'L. Carter', written over a horizontal line.

Chief Financial Officer





Warren Easton Charter High School Foundation, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2022

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Charter High School Foundation, Inc.
The Louisiana Department of Education,
and the Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Warren Easton Charter High School Foundation, Inc. (a nonprofit organization) (the School) 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. The School's management is responsible for the performance and statistical data.

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

The procedures and associated results are as follows:

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

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

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

Class Size Characteristics (Schedule 2)

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

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

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

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

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

Public School Staff Data: Average Salaries (No Schedule)

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

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

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

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

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

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

Metairie, Louisiana
March 31, 2023

Warren Easton Charter High School Foundation, Inc.
Schedule 1

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

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 4,167,264	
Other instructional staff activities	798,039	
Instructional staff employee benefits	1,832,689	
Purchased professional and technical services	424,206	
Instructional materials and supplies	523,326	
Less instructional equipment	196,861	
Total teacher and student interaction activities		7,942,385

Other instructional activities		2,959,695
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Pupil support activities	918,635	
Less equipment for pupil support activities	-	
Net pupil support activities		918,635

Instructional Staff Services	194,500	
Less equipment for instructional staff services	-	
Net instructional staff services		194,500

School Administration	645,910	
Less: Equipment for school administration	-	
Net school administration		645,910

Total general fund instructional expenditures		\$ 12,661,125
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Certain Local Revenue Sources

Not applicable to the School

Class Size Characteristics

As of October 1, 2021

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	43%	201	26%	122	16%	76	1%	3
High Activity Classes	9%	39	2%	11	2%	8	1%	3
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-



Warren Easton Charter School Foundation, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2022

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Charter School Foundation, Inc. and the
Louisiana Legislative Auditor
New Orleans, Louisiana

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

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether 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.
Results: No exceptions were found as a result of applying the procedures.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
Results: No exceptions were found as a result of applying the procedures.
 - c) ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were found as a result of applying the procedures.

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

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

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

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

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

Results: Exceptions noted. There are no written policies and procedures for the following: (2) standard terms and conditions; (3) legal review; 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).

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

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

Results: Exceptions noted. The written policies do not contain information on allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers.

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

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

Board or Finance Committee

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

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

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

- b) 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.

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

Bank Reconciliations

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

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

Results: Exception noted. Bank reconciliations for one out of five accounts tested were not prepared within 2 months of the related statement closing date.

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

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

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

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

Collections (excluding electronic funds transfers)

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

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

- 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: Exceptions noted. Three of the four deposits selected was not made within one business day of receipt at the collection location.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

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

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

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

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

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

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

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

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

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

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:

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

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

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

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

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

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

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

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

Results: Exception noted. For one of the five payments tested, we were not able to obtain the supporting invoice.

Payroll and Personnel

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fraud Notice

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

Results: Not applicable. No misappropriations were noted.

21. Observe 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 were found as a result of applying the procedures.

Information Technology Disaster Recovery/Business Continuity

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

a) Obtain and inspect the 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.

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

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.

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

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 procedure and discussed the results with management.

We were engaged by Warren Easton Charter School Foundation, 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 Warren Easton Charter School Foundation, 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.

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

Metairie, Louisiana
March 31, 2023

WARREN EASTON CHARTER HIGH SCHOOL

3019 Canal Street, New Orleans, LA 70119 ☐ 504-324-7400

March 31, 2023

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

And

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

RE: Management's Response to Statewide Agreed-Upon Procedures
Warren Easton Charter School Foundation, Inc.

Dear Sirs:

Warren Easton Charter School Foundation, Inc. will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,



Lindsay Carter, CFO