

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

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019



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WARREN EASTON CHARTER HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
TABLE OF CONTENTS
JUNE 30, 2020 AND 2019

REPORT	PAGE
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	24
Schedule of Expenditures of Federal Awards	27
Notes to the Schedule of Expenditures of Federal Awards	28
Schedule of Findings and Questioned Costs	29
Summary Schedule of Prior Audit Findings	33
Management's Corrective Action Plan	34
Consolidating Statements of Financial Position	35
Consolidating Statements of Activities	36
Schedule of Compensation, Benefits and Other Payments to Agency Head	37



Report



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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

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, 2020 and 2019, 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.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

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

Metairie, Louisiana
December 29, 2020



Financial Statements

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

<i>June 30,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 9,894,811	\$ 10,475,626
Restricted cash	149,728	163,041
Grant receivables	1,033,667	574,707
Other receivables	54,432	190,866
Inventory	5,017	5,017
Prepaid expenses	171,145	26,811
Total current assets	11,308,800	11,436,068
Property and equipment, net	1,025,520	1,880,657
Total assets	\$ 12,334,320	\$ 13,316,725
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 235,219	\$ 14,501
Accrued expenses	491,981	1,155,490
Current portion of long-term liabilities	8,897	8,376
Deferred revenues	630	630
Total current liabilities	736,727	1,178,997
Noncurrent liabilities		
Long term debt, net deferred finance costs	258,024	266,960
Net assets		
Without donor restrictions	10,929,437	11,477,189
With donor restrictions	410,132	393,579
Total net assets	11,339,569	11,870,768
Total liabilities and net assets	\$ 12,334,320	\$ 13,316,725

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

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

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenue and Other Support			
Contributions	\$ 208,872	\$ 270,904	\$ 479,776
Grants			
Federal	951,762	-	951,762
State	-	-	-
Other	46,459	-	46,459
PPP revenue	1,375,000	-	1,375,000
Local Minimum Foundation Program	5,656,950	-	5,656,950
State Minimum Foundation Program	4,430,936	-	4,430,936
Student activity fees	421,519	165,402	586,921
Interest income	103,023	-	103,023
Other revenues	344,789	-	344,789
Net assets released from restrictions	419,753	(419,753)	-
Total revenue and other support	13,959,063	16,553	13,975,616
Expenses			
Program services	11,262,594	-	11,262,594
Management and general	3,149,006	-	3,149,006
Fundraising	95,215	-	95,215
Total expenses	14,506,815	-	14,506,815
Change in Net Assets	(547,752)	16,553	(531,199)
Net assets at beginning of year	11,477,189	393,579	11,870,768
Net assets at end of year	\$ 10,929,437	\$ 410,132	\$ 11,339,569

The accompanying notes are an integral part of this consolidated financial statement.

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

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2019 Total
Revenue and Other Support			
Contributions	\$ 28,118	\$ 280,482	\$ 308,600
Grants			-
Federal	604,965	-	604,965
State	23,891	-	23,891
Other	32,500	-	32,500
Local Minimum Foundation Program	5,688,721	-	5,688,721
State Minimum Foundation Program	3,792,480	-	3,792,480
Student activity fees	519,865	239,780	759,645
Interest income	156,292	-	156,292
Other revenues	355,447	-	355,447
Net assets released from restrictions	597,107	(597,107)	-
Total revenue and other support	11,799,386	(76,845)	11,722,541
Expenses			
Program	10,440,434	-	10,440,434
Management and general	2,652,248	-	2,652,248
Fundraising	137,001	-	137,001
Total expenses	13,229,683	-	13,229,683
Change in Net Assets	(1,430,297)	(76,845)	(1,507,142)
Net assets at beginning of year	12,907,486	470,424	13,377,910
Net assets at end of year	\$ 11,477,189	\$ 393,579	\$ 11,870,768

The accompanying notes are an integral part of this consolidated financial statement.

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

<i>For the year ended June 30,</i>	Program Services	Management & General	Fund- Raising	2020 Totals
Salaries	\$ 5,706,051	\$ 634,006	\$ -	\$ 6,340,057
Employee benefits	2,101,862	233,540	-	2,335,402
2% admin fee	174,815	19,424	-	194,239
Depreciation	-	85,611	-	85,611
Donations	-	-	19,539	19,539
Donation of property	-	769,526	-	769,526
Equipment rental	-	26,438	-	26,438
Food services	9,895	1,100	-	10,995
Foundation scholarships	-	124,000	-	124,000
Insurance	-	110,034	-	110,034
Interest expense	-	15,184	-	15,184
Other expenses	24,611	373,272	12,306	410,189
Other services	-	302,246	-	302,246
Printing	102	1,547	51	1,700
Professional services	339,865	339,866	-	679,731
Repairs and maintenance	403,968	21,261	-	425,229
Shared services	101,322	11,258	-	112,580
Student activity	600,233	-	-	600,233
Supplies:				
Instructional	87,539	7,781	1,945	97,265
Other	620,092	13,780	55,119	688,991
Transportation	810,675	-	-	810,675
Travel	15,740	18,477	-	34,217
Usage fee	-	-	-	-
Utilities	265,824	40,655	6,255	312,734
Total	\$ 11,262,594	\$ 3,149,006	\$ 95,215	\$ 14,506,815

The accompanying notes are an integral part of this consolidated financial statement.

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

<i>For the year ended June 30,</i>	Program Services	Management & General	Fund- Raising	2019 Total
Salaries	\$ 4,895,160	\$ 979,649	\$ 79,380	\$ 5,954,189
Employee benefits	1,695,067	427,840	28,685	2,151,592
2% admin fee	-	187,206	-	187,206
Depreciation	64,453	21,484	-	85,937
Donations	-	-	23,348	23,348
Equipment rental	-	26,438	-	26,438
Food services	17,206	-	-	17,206
Foundation scholarships	160,500	-	-	160,500
Insurance	80,504	26,835	-	107,339
Interest expense	-	15,637	-	15,637
Other expenses	107,680	69,311	-	176,991
Other services	-	265,504	-	265,504
Printing	-	1,680	-	1,680
Professional services	97,326	215,637	-	312,963
Repairs and maintenance	424,500	141,500	-	566,000
Shared services	126,218	42,073	-	168,291
Student activity	828,217	-	-	828,217
Supplies:				
Instructional	147,593	-	-	147,593
Other	568,774	86,765	-	655,539
Transportation	943,121	-	-	943,121
Travel	-	49,984	-	49,984
Usage fee	78,767	26,256	-	105,023
Utilities	205,348	68,449	5,588	279,385
Total	\$ 10,440,434	\$ 2,652,248	\$ 137,001	\$ 13,229,683

The accompanying notes are an integral part of this consolidated financial statement.

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

<i>For the years ended June 30,</i>	2020	2019
Operating Activities		
Change in net assets	\$ (531,199)	\$ (1,507,142)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	85,611	85,937
Donation of equipment	769,526	-
Changes in operating assets and liabilities:		
Grant receivables	(458,960)	(205,083)
Other receivables	136,434	(190,866)
Inventory	-	-
Prepaid expenses	(144,334)	157,573
Accounts payable	220,718	(265,161)
Accrued expenses	(663,509)	441,380
Deferred revenues	-	(16,559)
Net cash provided by (used in) operating activities	(585,713)	(1,499,921)
Investing Activities		
Purchases of equipment	-	(754,452)
Net cash provided by (used in) investing activities	-	(754,452)
Financing Activities		
Payments on long term debt	(8,415)	(8,664)
Net cash provided by (used in) investing activities	(8,415)	(8,664)
Net change in cash, cash equivalents, and restricted cash	(594,128)	(2,263,037)
Cash, cash equivalents, and restricted cash at beginning of year	10,638,667	12,901,704
Cash, cash equivalents, and restricted cash at end of year	\$ 10,044,539	\$ 10,638,667
Supplemental Cash Flow Information		
Cash paid for interest	\$ 15,184	\$ 15,637
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 9,894,811	\$ 10,475,626
Restricted cash	149,728	163,041
Cash, cash equivalents, and restricted cash at end of year	\$ 10,044,539	\$ 10,638,667

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

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

Note 1: DESCRIPTION OF THE ORGANIZATION

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 organized and operates 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.

Basis of Presentation

The Organizations follow the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*, which establishes external financial reporting for not-for-profit organizations which includes two basic financial statements and classification of resources into two separate categories of net assets, as follows:

Net Assets without donor restrictions – Net assets not subject to donor-imposed restrictions. A portion of unrestricted net assets are designated amounts set aside by the board of directors.

Net Assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be met by the actions of the Organizations or the passage of time or net assets subject to donor-imposed restrictions that are required to be maintained permanently by the Organizations. Generally, the donors of these assets stipulate that the income earned on related investments should be used for specific purposes.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consisted of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the Organizations' bank accounts for student activity funds.

The Organizations classify all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Grant and Other Receivables

The grant and other receivables are stated at the amount management expects to collect from outstanding balances. 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 valued at cost under the FIFO (First In First Out) method of accounting for inventory.

Property and Equipment

Property and equipment is capitalized at cost and updated for additions and retirements during the year. Donated property and equipment is recorded at fair market value as of the date received. Improvements over \$5,000 that have a useful life greater than one year are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment is depreciated using the straight-line method over the assets' estimated useful life (7-10 years for leasehold improvements, 39 years for buildings and 3-6 years for equipment).

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organizations review long-lived assets, consisting of equipment, for impairment and determines 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 2020 or 2019.

Contributions and Revenue Recognition

The Organizations' primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and the OPSB. For the year ended June 30, 2020, the Organizations received \$4,545 from the State and \$5,802 from the OPSB per eligible student in attendance at the official pupil count date of October 1, 2019.

The Organizations recognize MFP, donations, and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

A portion of the Organizations revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organizations have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

PPP Loan 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). (See Note 16).

The School is recognizing revenue from the PPP loan following the guidance under FASB ASC 958-605. PPP loan funds are considered a conditional contribution and recorded as a refundable advance on the consolidated statement of financial position until the barriers to entitlement are met. The School considers the barriers to entitlement to include the incurrence of qualifying expenses and maintaining specified levels of payroll and employment. Revenue is recognized once conditions have been substantially met or explicitly waived. The School does not consider the administrative process of filing for forgiveness to be a condition to recognize the PPP loan as revenue.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Support

The Organizations record the in-kind value of goods and services contributed to support various activities as support and related expenses. There was no in-kind support that met the recognition criteria under FASB ASC 958, as such, there was no in-kind support recorded for the years ended June 30, 2020 and 2019.

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. Management believes there are no uncertain tax positions or unrelated trade or business income included in the consolidated financial statements.

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals that would benefit a subsequent year.

Functional Expense

As required under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, the Organizations have presented consolidated statements of functional expense as part of its audited consolidated financial statements. The consolidated financial statements of the Organizations report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, insurance, repairs and maintenance, utilities, and depreciation require allocation based on the square footage of the building.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 29, 2020, 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.

Warren Easton Charter High School Foundation, Inc. and Affiliate

Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 provides guidance on the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for fiscal year-ending June 30, 2020, but early adoption is permitted. On July 1, 2019 the Organizations applied the provisions of this ASU on a modified retrospective basis. There was no impact to the Organizations' consolidated financial statements from the adoption of this standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organizations serve as a resource recipient for fiscal years beginning after December 15, 2018. Thus, on July 1, 2019 the Organizations applied the provisions of this ASU on a modified retrospective basis. There was no impact to the Organizations consolidated financial statements from the adoption of this standard.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance and requires expanded disclosures about revenue recognition to enable financial statement users to understand the nature, timing, amount, and uncertainty of revenue and cash flows arising from contracts with customers. On June 3, 2020, FASB issued ASU 2020-05 effectively delaying required implementation of the new revenue recognition standard to annual period beginning after December 31, 2019. The Organizations elected not to early adopt the provisions of ASU 2014-09 for the year ended June 30, 2020. The Organizations are currently evaluating the impact of this ASU on its consolidated financial statements.

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 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 statement of

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

activities. On June 3, 2020, FASB issued ASU 2020-05 effectively delaying required implementation

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

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, 2020. The Organizations are currently evaluating the impact of this ASU on its consolidated financial statements.

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Organizations' liquidity management, they maintain two sweep accounts which earn interest on cash in excess of daily requirements. The Board has designated amounts for capital purchases, which was \$1,619,737 as of June 30, 2020. See Note 4 for further information. In the event of an unanticipated liquidity need, the Organizations could draw upon the board designated funds.

The following reflects the Organizations' financial assets as of the consolidated statement of financial position date, including amount not available within one year of the consolidated statement of financial position date. Amounts not available include amounts restricted for student activities and amounts board designated for capital purchases.

	2020	2019
Financial assets, as of June 30,	\$ 11,132,638	\$ 11,404,240
Less:		
Assets restricted for Student Activities	149,728	163,041
Assets designated for capital purchases	1,619,737	1,619,737
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,363,173	\$ 9,621,462

Note 4: RESTRICTION ON ASSETS

Net assets without donor restrictions were designated by resolution of the Board in 2008 in the amount of \$2,500,000. The Board uses these funds to cover facilities costs as the Board determines appropriate. There were no covered facilities costs in the years ended June 30, 2020 and 2019. The current balance was \$1,619,737 as of June 30, 2020 and 2019.

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made or when time restriction is met.

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

Note 4: RESTRICTION ON ASSETS (Continued)

Net assets with donor restrictions at June 30 were restricted for the following purposes:

	2020	2019
Student activities funds	\$ 220,213	\$ 163,041
Friends Scholarships	31,486	136,336
Wellness	30,221	30,221
Alumni	24,953	18,765
Christmas gift card	4,378	7,428
Academic enhancements	13,132	-
Hall of Fame scholarships	68,958	6,356
Rex	15,000	-
Library books and other	1,702	30,432
Total net assets with donor restrictions	\$ 410,043	\$ 392,579

Note 5: 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, 2020 and 2019, the Organizations had cash balances, excluding the sweep account, in excess of the FDIC insured limit totaling \$7,684,622 and \$9,187,298, respectively. The sweep account, which had a cash balance of \$2,936,016 and \$1,569,773 at June 30, 2020 and 2019, 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. Management believes that maintaining cash in this account reduces credit risk that would result from cash otherwise being maintained in accounts with balances exceeding FDIC insured limit.

For the years ended June 30, 2020 and 2019, the Organizations received approximately 31% and 32%, respectively, of its total revenue from State public school funds, and approximately 41% and 49%, respectively, of its total revenue from Local sources. As of June 30, 2020 and 2019, the Organizations had 100% of its grant receivables from federal sources passed through state sources.

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

Note 6: PROPERTY AND EQUIPMENT

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

	2020	2019
Land	\$ 100,000	\$ 100,000
Building	265,000	265,000
Leasehold improvements	944,346	944,346
Construction in progress	-	769,976
Equipment	1,654,795	1,654,795
Total	2,964,141	3,734,117
Accumulated depreciation	(1,938,621)	(1,853,460)
Total property and equipment, net	\$ 1,025,520	\$ 1,880,657

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$85,611 and \$85,937, respectively.

Note 7: GRANT RECEIVABLE

Grant receivable were comprised of the following amounts as of June 30, 2020 and 2019:

	2020	2019
Louisiana Department of Education		
Title I	\$ 905,929	\$ 452,008
Title II	24,372	36,436
Title III	1,952	715
Title IV	19,936	7,150
Educational Excellent	46,459	36,940
Career Development Funds	-	11,753
Carl Perkins	35,019	29,705
Total grants receivable	\$ 1,033,667	\$ 574,707

Note 8: OTHER RECEIVABLES

Other receivables consist of \$54,432 and \$190,866 as of June 30, 2020 and 2019, respectively. Of these amounts, \$37,694 is related to IT services performed and the remainder is various other receivables for the year ended June 30, 2020 and \$32,216 is from insurance claims and the remainder is receivables from other schools for IT services performed as of June 30, 2019.

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

Note 9: MORTGAGE PAYABLE

Friends entered into a mortgage payable with a financial institution on June 30, 2018 for the purchase of a building that is collateralized by the building. The debt has an interest rate of 5.5% and a maturity date of June 18, 2038. As of June 30, 2020 and 2019, the debt had balances of \$266,921 and \$275,336, respectively.

Annual principal payments to maturity is as follows:

Fiscal Year	Principal
2021	\$ 8,897
2022	9,188
2023	9,738
2024	10,283
2025	10,937
Thereafter	217,878
	\$ 266,921

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, 2020 and 2019, the School was required to contribute 26.0% and 26.7%, 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, 2020 and 2019, the School's contributions to TSRL totaled \$1,573,552 and \$1,509,986, respectively, and are included in employee benefits on the consolidated statements of functional expenses.

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

Note 11: RELATED PARTY TRANSACTIONS

During the years ended June 30, 2020 and 2019, the School had related party expenses totaling \$761,118 and \$564,478, respectively, with Orleans Parish School Board, the School's Local Educational Agency (LEA). The School paid additional LEA fees of \$472,814 and \$255,044 to remain with the LEA for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the School had accrued expenses of \$232,500 and \$611,212, respectively, payable to the LEA for these additional LEA fees.

The Louisiana Legislature approved a 2% administrative fee to be paid by all charter schools to Orleans Parish School Board. For the years ended June 30, 2020 and 2019, the School paid \$194,239 and \$187,206, respectively, in administrative fees to Orleans Parish School Board.

The LEA charges the School for the use of facilities (including property and flood insurance costs) through annual usage fees (shared services), as further described in Note 12. For the years ended June 30, 2020 and 2019, the School paid annual usage fees (shared services), to the OPSB of \$112,580 and \$105,022, respectively. As of June 30, 2020 and 2019, the School had accrued expenses of \$112,580 and \$105,022, respectively, payable to the LEA for these annual usage fees (shared services). The remaining balance for the years ended June 30, 2020 and 2019, \$10,995 and \$17,206, respectively, are for the food services provided by the LEA for meals at the School.

Note 12: SCHOOL OPERATION/LEASEHOLD INTEREST

On July 1, 2011, the School's operating agreement renewal with the Orleans Parish School Board (OPSB) 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 the Orleans Parish School Board. This agreement expired on June 30, 2017. The agreement was renewed in June 2017 through June 30, 2026.

For the years ended June 30, 2020 and 2019, the School paid annual usage fees (shared services including insurance costs) to the OPSB of \$112,580 and \$105,022, respectively. The OPSB 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 the Orleans Parish School Board 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.

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

Note 12: SCHOOL OPERATION/LEASEHOLD INTEREST (Continued)

The School also has the rights to use land, building and equipment that are owned by Orleans Parish School Board for no fee. Use of the land, building and equipment is not recorded as an in-kind contribution from the Orleans Parish School Board 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: CASH RESTRICTED FOR STUDENT ACTIVITIES

The Organizations maintain a separate bank account for student activities. The account is for collected student activity fees. Restricted student activity funds amounted to \$149,728 and \$163,041 at June 30, 2020 and 2019, respectively, and are reported as cash restricted for student activities and as net assets with donor restrictions in the consolidated statements of financial position.

Note 14: COMMITMENTS

The Organizations have employment contracts with most of its employees. The contracts for the current year expired June 30, 2020. All contracts provided for a minimum annual salary and other benefits.

Note 15: 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, 2020 and 2019.

Note 16: PPP LOAN REVENUE

On April 28, 2020, the School received a loan in the amount of \$1,375,000 under the PPP pursuant to the CARES Act and administered by the SBA. The PPP provides for forgivable loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities.

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

Note 16: PPP LOAN REVENUE (Continued)

The School has used the PPP loan funds for its payroll and benefits purposes consistent with the PPP. While the School currently believes that its use of the PPP funds have met the conditions for forgiveness of the PPP loan and is in the process of preparing the forgiveness application, no assurance can be provided that the School will obtain forgiveness of the loan, in whole or in part.

As of June 30, 2020, the School has incurred \$1,375,000 of qualified expenses under this PPP loan and has recognized \$1,375,000 of PPP loan revenue related to these qualifying expenses.

Note 17: COVID-19 PANDEMIC

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organizations. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



Supplementary Information

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

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, 2020, 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 December 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organizations' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 have not been identified. We did identify certain deficiencies in internal

control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organizations' Response to Findings

The Organizations' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organizations' response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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.

Carly Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 29, 2020



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

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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

We have audited Warren Easton Charter High School Foundation, Inc. and Affiliate (nonprofit organizations) (the 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, 2020. The Organizations' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organizations' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Organizations' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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 for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

Carly Riggs & Ingram, L.L.C.

Metairie, Louisiana

December 29, 2020

Warren Easton Charter High School Foundation, Inc. and Affiliate Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>	<i>Total Federal Expenditures (\$)</i>
<u>United States Dept. of Education/Louisiana Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 902,721	\$ 902,721
Title III English Language Acquisition State Grants	84.365	N/A	1,237	1,237
Title IV Student Support and Academic Enrichment Program	84.424A	N/A	12,785	12,785
<i>Total US Department of Education Grants passed through Louisiana Department of Education</i>			916,743	916,743
<u>Vocational Education</u>				
Career and Technical Education - Basic Grants to States	84.048	N/A	35,019	35,019
<i>Total Vocational Education</i>			35,019	35,019
<i>Total Expenditures of Federal Awards</i>			\$ 951,762	\$ 951,762

*Warren Easton High School Foundation, Inc and Affiliate did not pass-through any amounts to Subrecipients.

*See independent auditors' report and accompanying notes to the
Schedule of Expenditures of Federal Awards.*

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the revenues from federal awards of Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations)(nonprofit organizations) as defined in Note 2 to the Organizations' basic financial statements for the year ended June 30, 2020. All federal financial assistance was received directly from federal agencies is included on the Schedule, as well as federal assistance passed through other government agencies.

Note 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organizations and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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. 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 are reported in the Organizations basic consolidated financial statements as program revenues.

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.

Note 7: ON-BEHALF PAYMENTS

The Organizations did not have on-behalf payments.

**WARREN EASTON CHARTER HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION I - SUMMARY OF AUDITORS' REPORTS

Consolidated Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(es) identified? yes X none noted

Noncompliance material to consolidated financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(es) identified? yes X none noted

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? yes X none noted

Identification of major federal programs:

Federal CFDA Number	Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? yes X no

**WARREN EASTON CHARTER HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II – CONSOLIDATED FINANCIAL STATEMENTS FINDINGS

2020-001 Material Weakness: Misappropriation of financial assets of the School

Criteria: Safeguarding of assets is the primary responsibility of a non-profit entity.

Condition: The Business Manager of the School was allowed to have control over collection, recording and reconciliation of all Student Activity Funds.

Cause: The School did not have proper segregation of duties.

Effect: The Student Activity Fund had funds of \$70,842 misappropriated from it during the year by the Business Manager.

Recommendation: It is recommended that the School install proper segregation of duties and controls around the collection, recording and reconciliation of the Student Activity Fund

Additional Information Required by the Louisiana Governmental Audit Guide

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	The Business Manager of the School fraudulently absconded with \$70,842 of Student Activity Funds.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Student Activity receipts were misappropriated.
3	The amount of funds or approximate value of assets involved.	\$70,842
4	The department or office in which the fraud or misappropriation occurred.	School Administration-Student Activity Funds
5	The period of time over which the fraud or misappropriation occurred.	March 1, 2019 – July 31, 2020
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Business Manager
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	N/A – matter is not yet adjudicated

**WARREN EASTON CHARTER HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Active investigation
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	N/A
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	N/A – not yet adjudicated
14	Has restitution been made or has an insurance claim been filed?	None as of date of auditors' report
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes – fraud identified by management
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	N/A
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Warren Easton has created and implemented new cash collections policies and procedures that have been reviewed by the Board of Directors. The School has also segregated the duties amongst three employee such as: cash collector, general ledger, and monthly reconciliation positions.

**WARREN EASTON CHARTER HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION III – FEDERAL AWARDS

No findings noted

SECTION IV – MANAGEMENT LETTER

No management letter comments issued

**WARREN EASTON CHARTER HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II – CONSOLIDATED FINANCIAL STATEMENTS FINDINGS

2019-001 Internal Control Over Financial Reporting

Status: Resolved

Planned Corrective Action: The School completed a detailed reviews of all financial statements, including the Affiliate financial statements, and will continue to do so each fiscal year and consolidate financial statements with the affiliate each year.

Anticipated Completion Date: July 31, 2019.

Responsible Contact Person: Lindsay Carter, CFO

SECTION III – FEDERAL AWARDS

No findings noted

SECTION IV – MANAGEMENT LETTER

No management letter comments issued



WARREN EASTON CHARTER HIGH SCHOOL

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

December 29, 2020

RE: Corrective Action Plan

Warren Easton Charter High School respectfully submits the following corrective action plan for the year ended June 30, 2020.

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, 2019 through June 30, 2020

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the Schedule of Findings and Questioned Costs.

2020-001 – Material Weakness: Misappropriation of financial assets of the School

Auditors' recommendation: It is recommended that the school install proper segregation of duties and controls around the collection, recording, and reconciliation of the Student Activity Fund.

Management response: Warren Easton has created and implemented new cash collections policies and procedures that have been reviewed by the Board of Directors. We have also segregated the duties amongst three employees such as: cash collector, general ledger, and monthly reconciliation positions.

Responsible Party: Lindsay Carter, Chief Financial Officer

Estimated Completion Date: December 31, 2020

Sincerely,

Chief Financial Officer

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

<i>June 30,</i>	School	Foundation	SAF	Warren Easton Charter High School Foundation	Friends of Warren Easton	Eliminating Entries	2020 Total
Assets							
Current assets							
Cash and cash equivalents	\$ 9,622,931	\$ 181,817	\$ -	\$ 9,804,748	\$ 90,063	\$ -	\$ 9,894,811
Restricted cash	-	-	149,728	149,728	-	-	149,728
Grant receivables	1,033,667	-	-	1,033,667	-	-	1,033,667
Other receivables	79,656	22,050	-	101,706	-	(47,274)	54,432
Inventory	5,017	-	-	5,017	-	-	5,017
Prepaid expenses	171,145	-	-	171,145	-	-	171,145
Total current assets	10,912,416	203,867	149,728	11,266,011	90,063	(47,274)	11,308,800
Property and equipment, net	665,616	359,904	-	1,025,520	-	-	1,025,520
Total assets	\$ 11,578,032	\$ 563,771	\$ 149,728	\$ 12,291,531	\$ 90,063	\$ (47,274)	\$ 12,334,320
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 282,493	\$ -	\$ -	\$ 282,493	\$ -	\$ (47,274)	\$ 235,219
Accrued expenses	491,981	-	-	491,981	-	-	491,981
Current portion of long-term liabilities	-	-	-	-	8,897	-	8,897
Deferred revenues	630	-	-	630	-	-	630
Total current liabilities	775,104	-	-	775,104	8,897	(47,274)	736,727
Noncurrent liabilities							
Long term debt, net deferred finance costs	-	-	-	-	258,024	-	258,024
Net assets							
Without donor restriction	10,744,167	464,099	(70,485)	11,137,781	(208,344)	-	10,929,437
With donor restrictions	58,761	99,672	220,213	378,646	31,486	-	410,132
Total net assets	10,802,928	563,771	149,728	11,516,427	(176,858)	-	11,339,569
Total liabilities and net assets	\$ 11,578,032	\$ 563,771	\$ 149,728	\$ 12,291,531	\$ 90,063	\$ (47,274)	\$ 12,334,320

See Independent Auditors' Report.

**Warren Easton Charter High School Foundation Inc. and Affiliate
Consolidating Statements of Activities**

<i>For the year ended June 30,</i>	Warren Easton	Foundation	SAF	Warren Easton Charter HighSchool Foundation, Inc.	Friends of Warren Easton	Eliminations	2020 Total
Revenue and Other Support							
Contributions	\$ 402,519	\$ 210,257	\$ -	\$ 612,776	\$ -	\$ (133,000)	\$ 479,776
Grants							
Federal	951,762	-	-	951,762	-	-	951,762
State	-	-	-	-	-	-	-
Other	46,459	-	-	46,459	-	-	46,459
PPP revenue	1,375,000			1,375,000			1,375,000
Local Minimum Foundation Program	5,656,950	-	-	5,656,950	-	-	5,656,950
State Minimum Foundation Program	4,430,936	-	-	4,430,936	-	-	4,430,936
Student activity fees	-	-	586,921	586,921	-	-	586,921
Interest income	100,520	1,522	-	102,042	981	-	103,023
Other revenues	259,539	41,150	-	300,689	44,100	-	344,789
Total revenue and other support	13,223,685	252,929	586,921	14,063,535	45,081	(133,000)	13,975,616
Expenses							
Program	10,680,429	-	600,233	11,280,662	114,932	(133,000)	11,262,594
Management and general	2,951,151	181,791	-	3,132,942	16,064	-	3,149,006
Fundraising	73,377	21,838	-	95,215	-	-	95,215
Total expenses	13,704,957	203,629	600,233	14,508,819	130,996	(133,000)	14,506,815
Change in Net Assets	(481,272)	49,300	(13,312)	(445,284)	(85,915)	-	(531,199)
Net assets at beginning of year	11,284,200	514,471	163,040	11,961,711	(90,943)	-	11,870,768
Net assets at end of year	\$ 10,802,928	\$ 563,771	\$ 149,728	\$ 11,516,427	\$ (176,858)	\$ -	\$ 11,339,569

See Independent Auditors' Report.

**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,

2020

Agency Head Name: Mervin Jackson, Principal

PURPOSE	AMOUNT
Salary	\$ 150,915
Benefits-health insurance	13,195
Benefits-retirement	48,533
Benefits-life insurance	50
Benefits-long term disability	792
Benefits-Fica and Medicare	2,149
Cell phone	-
Dues	100
Per diem	603
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Meetings and conventions	-
Other	-
	\$ 216,337

See Independent Auditors' Report.

Warren Easton Charter High School Foundation, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2020



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INGRAM

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Warren Easton High School Foundation (a nonprofit organization), (the School) the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of CCS for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for the performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

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

1. We will select a 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 for each of 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 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 property 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 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.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual combined financial statements of the 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
December 29, 2020

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, 2020**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 2,618,744	
Other instructional staff activities	528,323	
Instructional staff employee benefits	814,060	
Purchased professional and technical services	96,241	
Instructional materials and supplies	364,003	
Less instructional equipment	-	
Total teacher and student interaction activities		4,421,371

Other instructional activities	86,469
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Pupil support activities	1,355,745	
Less equipment for pupil support activities	-	
Net pupil support activities		1,355,745

Instructional Staff Services	876,322	
Less equipment for instructional staff services	-	
Net instructional staff services		876,322

School Administration	486,582	
Less: Equipment for school administration	-	
Net school administration		486,582

Total general fund instructional expenditures		\$ 7,226,488
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Certain Local Revenue Sources

Not applicable to the School

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

Warren Easton Charter High School Foundation, Inc.
Schedule 2

Class Size Characteristics
As of October 1, 2019

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	49%	211	33%	143	9%	41	1%	5
High Activity Classes	2%	9	1%	5	3%	15	1%	4
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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