



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

ROOTED SCHOOL

**AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	PAGE NO.
Independent Auditor’s Report	1-3
Financial Statements:	
Statement of Financial Position as of June 30, 2024	4
Statement of Activities for the Fiscal Year Ended June 30, 2024	5
Statement of Functional Expenses for the Fiscal Year Ended June 30, 2024	6
Statement of Cash Flows for the Fiscal Year Ended June 30, 2024	7
Notes to the Financial Statements	8-13
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14-15
Schedule of Findings and Questioned Costs	16-17
Status of Prior Year Findings and Questioned Costs	18
Supplementary Information:	
Schedule of Compensation, Benefits, And Other Payments to Agency Head or Chief Executive Officer For the Fiscal Year Ended June 30, 2024	19
Independent Accountant’s Report on Applying Agreed-Upon Procedures – Performance and Statistical Data	20-22
Schedules Required by State Law	23
SCHEDULE I	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	24
SCHEDULE II	
Class Size Characteristics	25



Luther Speight & Company, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rooted School
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rooted School (a nonprofit organization)(the School), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2024, and the changes in its net assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head (the schedule) is presented to comply with Act 706 of the 2014 Louisiana Legislative Session and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
December 2, 2024

ROOTED SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

ASSETS	
Cash and Cash Equivalents	\$ 1,196,437
Grants Receivable	47,875
Prepaid Expenses and Other Assets	60,406
Right of Use Asset - Operating Lease	351,697
TOTAL ASSETS	<u><u>1,656,415</u></u>
LIABILITIES	
Accounts Payable	92,962
Accrued Expenses	4,444
Funds Held for Others	5,000
Operating Lease Liability	355,321
TOTAL LIABILITIES	<u><u>457,727</u></u>
NET ASSETS	
Without Donor Restrictions	1,198,688
TOTAL NET ASSETS	<u><u>1,198,688</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,656,415</u></u>

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

**ROOTED SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Without</u>	<u>With</u>	<u>Total</u>
	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	
REVENUES			
State and Local Public School Funding	\$ 1,975,661	\$ -	\$ 1,975,661
Other State Revenue	62,592	-	62,592
Federal Grants	396,722	-	396,722
Donations	21,175	-	21,175
Other Income	3,780	-	3,780
TOTAL REVENUES	<u>2,459,930</u>	<u>-</u>	<u>2,459,930</u>
EXPENSES			
Program Services	2,190,620	-	2,190,620
Management and General	864,096	-	864,096
Fundraising	-	-	-
TOTAL EXPENSES	<u>3,054,716</u>	<u>-</u>	<u>3,054,716</u>
CHANGE IN NET ASSETS	(594,786)	-	(594,786)
NET ASSETS, BEGINNING OF YEAR	<u>1,793,474</u>	<u>-</u>	<u>1,793,474</u>
NET ASSETS, END OF YEAR	<u>\$ 1,198,688</u>	<u>\$ -</u>	<u>\$ 1,198,688</u>

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

ROOTED SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,088,978	\$ 342,877	\$ -	\$ 1,431,855
Pension Expense	26,941	8,508	-	35,449
Other Employee Benefits	120,026	37,903	-	157,929
Other Fees for Services	501,931	62,769	-	564,700
Payroll Taxes	82,088	25,922	-	108,010
Advertising and Promotion	-	12,408	-	12,408
Legal Expenses	-	132,464	-	132,464
Accounting Expenses	-	106,730	-	106,730
Instructional Materials	186,913	-	-	186,913
Occupancy Expense	182,234	32,159	-	214,393
Insurance Expense	-	27,238	-	27,238
Office Expense	85	20,725	-	20,810
Travel Expenses	1,424	12,255	-	13,679
Other Expenses	-	42,138	-	42,138
Total Expenses	<u>\$ 2,190,620</u>	<u>\$ 864,096</u>	<u>\$ -</u>	<u>\$ 3,054,716</u>

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

ROOTED SCHOOL
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities

Change in Net Assets	\$	(594,786)
Adjustments to Reconcile Change in Net Assets to		
Net Cash (Used) Provided by Operating Activities:		
Amortization of Right-Of-Use Asset - Operating Leases		164,406
Net Changes in Assets and Liabilities:		
Decrease in Grants Receivable		295,729
Increase in Prepaid Expenses and Other Assets		(20,496)
Increase in Accounts Payable		15,082
Increase in Accrued Expenses		4,444
Increase in Funds Held for Others		5,000
Decrease in Lease Liability from Payments		(147,657)
Total Adjustments		316,508
Net Cash Used by Operating Activities		(278,278)
Net Change in Cash and Cash Equivalents		(278,278)
Cash and Cash Equivalents - Beginning of Period		1,474,715
Cash and Cash Equivalents - End of Period	\$	1,196,437

NON-CASH TRANSACTIONS

Right of Use Asset - Operating Lease		516,103
Operating Lease Liability		(502,978)

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

ROOTED SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION

The Rooted School (“the School”) was created as a nonprofit corporation under the laws of the state of Louisiana in 2014. The School applied to the Orleans Parish School Board (“OPSB”) to operate a Type 1 charter school. The OPSB approved the charter of the School for a period of five years commencing on July 1, 2017 and ending on June 30, 2022. The charter was renewed on June 10, 2022 for a second term to expire June 30, 2027. The school serves eligible students in ninth through twelfth grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the School classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed restrictions.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

ROOTED SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable primarily represent amounts due from federal and state governments, contributions, and exchange transactions as of June 30, 2024. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Compensated Absences

The School does not allow employees to carry over unused vacation. Accordingly, there were no compensated absence accrued benefits at June 30, 2024.

Revenue Recognition

The School's primary sources of funding are through the State Public School Fund and federal grants, as well as private donations. Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Unconditional contributions, or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions follow the revenue recognition rules of Accounting Standards Codification 606, *Revenue from Contracts with Customers*. For cost reimbursement grants, an accrual is made when eligible expenses are incurred. Amounts received from the State Public Fund are conditional and recognized as revenue by the School based on the enrollment of students.

ROOTED SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Costs of providing the School’s programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, and other expenses, which are allocated on the basis of estimates of time and effort.

Income Taxes

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt tax return and applicable unrelated business income tax return in the U.S. federal jurisdiction.

Leases

The School determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, The School establishes a right-of-use (ROU) asset and a lease liability. Operating leases, if any, are included in Right-Of-Use Asset - Operating Lease and Lease Liability on the accompanying statement of financial position. Finance leases, if any, are included in Fixed Assets and Finance Lease Liability.

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the School is reasonably certain to exercise as well as any period that the School has control over the asset before the stated initial term of the agreement. If the School determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The School’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The School uses the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date. The School does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

ROOTED SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

There were no recent accounting pronouncements issued during the year ended June 30, 2024 that had an effect on the School’s financial statements.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts with one financial institution. The bank balances at June 30, 2024 exceeded the federal insured amount of \$250,000 by \$946,738. The School’s financial institutions did not hold any pledged collateral against the accounts, so the School’s bank balances are subject to possible increased risk. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Cash and Cash Equivalents	\$	1,196,437
Grants Receivable		47,875
Total Financial Assets		1,244,312
Net Assets With Donor Restrictions		-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	1,244,312

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

NOTE 5 – LEASES

During the fiscal year ended June 30, 2024, the School entered into a lease agreement that qualified for recognition under ASC 842, *Leases*, which requires an organization to record a lease asset and liability based upon its lease agreements. The lease agreement is for classroom space at a University campus. The lease started on July 1, 2023 and expires on June 30th 2026. The first-year annual payment is \$180,000 and increases by 2% each year.

ROOTED SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – LEASES (CONTINUED)

To calculate the lease asset and lease liability at the origination of the lease, the School used a discount rate of 4.49%, which is their incremental borrowing rate, and then calculated the present value of future lease payments. Each year, the asset and liability are reduced based upon the actual payments and a calculated amortization schedule. Total rent expense for the year ended June 30, 2024 totaled \$183,624 and is included in Occupancy Expense, as reported on the Statement of Functional Expenses.

Supplemental balance sheet information related to the operating lease is as follows:

Operating Lease

Operating Lease ROU Asset	\$ 516,103
Operating Lease ROU Asset - Accumulated Amortization	<u>(164,406)</u>
	<u>\$ 351,697</u>
Operating Lease Liability	<u>\$ 355,321</u>

Other Information

Weighted-Average Remaining Lease	
Term in Years for Operating Lease	2.00
Weighted-Average Discount Rate for Operating Lease	4.49%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liability recognized on the balance sheet are as follows as of June 30, 2024:

Year Ending June 30,	Lease Payments
2023	\$ 183,600
2024	187,272
2025	-
2026	-
2027	-
Thereafter	<u>-</u>
Total Future Minimum Lease Payments	370,872
Less imputed interest	<u>(15,551)</u>
Total Present Value of Lease Liabilities	<u>\$ 355,321</u>

ROOTED SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – EMPLOYEE RETIRMENT

The School offers an IRC Section 401(k) retirement plan to each of its qualifying employees. Employer and employee contributions are used to purchase annuity contracts for each participant employee. Employer matching contributions are made as a percentage of elective deferrals for each employee who is eligible for employer contributions. Additionally, the employer may elect to make a discretionary contribution for each qualifying employee for each plan year. The amount of employer contributions used to purchase annuity contracts for the year ended June 30, 2024 was \$35,449.

NOTE 7 – ECONOMIC DEPENDENCY

The School receives the majority of its revenues through the State Public School Fund and federal grants. During the fiscal year ended June 30, 2024, approximately 80% of total revenue was received from the State Public School fund and 16% of total revenue was received from federal grants. The grant amounts are appropriated each year by federal and state governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the School receives could be reduced significantly and could have an adverse impact on its operations.

NOTE 8 – CONTINGENCIES, COMMITMENTS, AND UNCERTAINTIES

On November 9, 2023, NOLA Public Schools issued a Level 2 Notice of Non-Compliance to the School citing alleged violations of district enrollment and financial policies. The district contends that the School Maintained 26 students on its 2022-2023 roster beyond the permitted number of student absences, and as a result, obtained MFP funds inappropriately. NOLA Public Schools originally demanded the School repay \$610,776. The School strongly disagrees with the district's position and asserts that it did not violate district policies. The School has complied with all records requests from the district. As of December 2, 2024, the outcome is unknown and there is not a timeline for resolution. No provision has been made in the accompanying financial statements to reflect the ultimate resolution of the matter. However, it is at least reasonably possible that the Organization's estimate of its liability may change in the near term.

NOTE 9 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of December 2, 2024, which is the date these financial statements were available to be issued. Management noted that there are no additional disclosures or adjustments required to these financial statements.



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

To the Board of Directors of
Rooted School
New Orleans, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rooted School (a nonprofit organization)(the School), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
December 2, 2024

**ROOTED SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

PART I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? ___yes X no

Significant deficiencies identified
not considered to be material weaknesses? ___yes X none reported

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

N/A, the School did not expend over \$750,000 in federal expenditures.

**ROOTED SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART II – FINANCIAL STATEMENT FINDINGS

There were no findings noted during the year ended June 30, 2024.

**ROOTED SCHOOL
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Finding #</u>	<u>Description</u>	<u>Resolved/Unresolved</u>
N/A	No Prior Year Findings	N/A

ROOTED SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Agency Head Name: Kaitlin Karpinski

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 133,605
Benefits-FICA	9,598
Benefits-insurance	12,662
Benefits-retirement	4,880
Benefits-executive parking	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 160,745</u>



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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES - PERFORMANCE AND STATISTICAL DATA**

To the Board of Directors of Rooted School,
the Louisiana Department of Education, and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Rooted School ("the School") for the fiscal year ended June 30, 2024; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

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

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Findings: Based upon our examination of the supporting documentation, we noted no exceptions in our sample.

Class Size Characteristics (Schedule II)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1st (2023) roll books for those classes and observed that the class was properly classified on the schedule.

Findings: We were not provided with October 1st roll books for the selected list of classes, so class size characteristics could not be verified. We were only provided with summary attendance documentation of all classes as a whole and not attendance documentation for the selected classes.

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

3. We obtained October 1st (2023) PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th (2024) PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

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 the School, 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.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
December 2, 2024

Rooted School
New Orleans, Louisiana
Schedules Required by State Law
(R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2024

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

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

ROOTED SCHOOL
NEW ORLEANS, LOUISIANA
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2024

Schedule I

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	633,363	
Other Instructional Staff Salaries	99,032	
Instructional Staff Employee Benefits	168,482	
Purchased Professional and Technical Services	40,691	
Instructional Materials and Supplies	56,669	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	998,237
Other Instructional Activities	57,379	
Pupil Support Services	222,877	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services	-	222,877
Instructional Staff Services	69,904	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	-	69,904
School Administration	662,162	
Less: Equipment for School Administration	-	
Net School Administration	-	662,162
Total General Fund Instructional Expenditures (Total of Column B)		1,953,180
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		-
 <u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Advalorem Taxes		
Constitutional Ad Valorem Taxes		-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Result of Court Ordered Settlement (Ad Valorem)		-
Penalties/Interest on Ad Valorem Taxes		-
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)		-
Sales Taxes		
Sales and Use Taxes - Gross		-
Sales/Use Taxes - Court Settlement		-
Penalties/Interest on Sales/Use Taxes		-
Sales/Use Taxes Collected Due to TIF		-
Total Local Taxation Revenue		-
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		-
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		-
Nonpublic Textbook Revenue		-
Nonpublic Transportation Revenue		-

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

**ROOTED SCHOOL
NEW ORLEANS, LOUISIANA
CLASS SIZE CHARACTERISTICS
SCHEDULE II
AS OF OCTOBER 1, 2023**

Schedule II

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	79.30%	88	19.80%	22	0.90%	1	0%	0
High Activity Classes	75.00%	6	25.00%	2	0%	0	0%	0
Combination								
Combination Activity Classes								

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



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

ROOTED SCHOOL

AGREED UPON PROCEDURES REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

To the Board of Directors of
Rooted School
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. Rooted School's management is responsible for those C/C areas identified in the SAUPs.

Rooted School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. 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 findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: *The written policies and procedures appropriately address the required elements above.*

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- 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: The written policies and procedures appropriately address the above elements except for how vendors are added to the vendor list.

Management's Response: The Director of Operations identifies and works with vendors on behalf of the school. When a new vendor is identified, the Director of Operations collects a W-9 form and an ACH/Direct Deposit form from the vendor, and creates a new vendor profile in Anybill, the school's Accounts Payable platform. This information is automatically synced into QuickBooks when the bill is processed for payment. Vendor lists are available through both Anybill and QuickBooks and can be filtered to identify vendor status and payment activity.

- c) **Disbursements**, including processing, reviewing, and approving

Results: The written policies and procedures appropriately address the required elements above.

- 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: The written policies and procedures appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The written policies and procedures appropriately address the required elements above.

- 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: The written policies and procedures appropriately address the above elements except for legal review and monitoring process.

Management's Response: *The Director of Operations works with legal counsel to review contracts. When required, contracts are presented to the Board of Directors for approval. Ongoing contracts are monitored for performance by the Rooted Director of Operations and Executive Director.*

- 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: *The written policies and procedures appropriately address the required elements above.*

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

Results: *The written policies and procedures appropriately address the above elements except for dollar thresholds by category of expense.*

Management's Response: *Spending thresholds are not identified. The policy manual will be updated immediately for SY24-25.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable to the Entity.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *Not applicable to the Entity.*

- k) **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: *The written policies and procedures appropriately address the above elements except for identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.*

Management's Response: *Rooted School stores all data remotely, using Google Cloud services. This remote service provides off site backup for all network data in real time. Periodic backup testing occurs every 30 days. Antivirus protection is provided by Windows Defender. System and software updates occur once a month, every 30 days. After a critical event, recovery is managed by the Rooted Director of Technology and the SUNO IT Department, using VMware. QuickBooks Online is continuously updated through the QuickBooks cloud computing platform.*

- l) **Sexual Harassment**, including R.S.42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: *Not applicable to the Entity.*

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: *The Board met in August, October, November, and December of 2023. In 2024, the Board met in February, March, April, and June. No exceptions noted.*

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

Results: *The Entity is a non-profit. Financial statements are presented at the board meetings and include budget-to-actual comparisons.*

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

Results: *Not applicable, as the Entity is a non-profit.*

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

Results: *Not applicable, as there were no findings in the prior year's audit report.*

Bank Reconciliations

- 3. Obtain a listing of client 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 selected each account, and observe that:

Results: *List of bank accounts and management's representation were obtained. We selected the month of June 2024 for the testing below.*

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

Results: *Per review of the 3 bank statements and bank reconciliations, we noted that each had evidence of being reconciled. All reconciliations were prepared within 2 months of the statement's closing date. No exceptions noted.*

- 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: *We noted that the bank reconciliations showed evidence of review by an individual who does not handle cash, post ledgers, or issue checks.*

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

Results: We noted no reconciling items were outstanding for more than 12 months from the statement closing date.

- d) Review completed within 1 month of the date the reconciliation was prepared.

Results: We noted that the bank reconciliations showed no evidence of being reviewed within 1 month of the date the reconciliation was prepared.

Management's Response: In the past, Rooted School's Executive Director has reviewed and approved bank reconciliations on an irregular basis. For FY 2025, Rooted School has implemented a check-list system, so that moving forward these reviews will occur on a monthly rather than a quarterly basis. This includes reconciling all banking and credit card transactions to the G/L to make sure they are properly allocated. This new system will ensure the bank reconciliations can be monitored and approved on a timely basis.

Collections

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: LSC noted that any funds received in person or via postal service are received at the main office of the school site located at 6701 Press Drive, New Orleans, LA 70126.

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

Results: We have obtained and inspected written policies and procedures relating to employee job duties at the collection location and observed that the job duties are properly segregated. No exceptions noted.

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: Entity provided a copy of a crime insurance policy that was enforced during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: We noted that the Entity’s collections were supported by proper documentation. No exceptions noted.

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: Any funds received in person or via postal service are received at the school site located at 6701 Press Drive, New Orleans, LA 70126.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: We have obtained a listing of the employees involved and the written policies and procedures relating to employee job duties at the location mentioned above and observed that the job duties are properly segregated. No exceptions noted.

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

Results: We noted the original invoice/billing and all the supportive information matched up, including evidence of segregation of duties with no exceptions.

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

Results: We observed 5 randomly selected non-payroll disbursements and noted no exceptions.

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

12. 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: We obtained a listing of all active cards and management's representation that the listing was complete. We noted that Rooted School utilized two credit cards during the year under audit.

13. 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: We observed evidence that both credit card statements for May 2024 were reviewed and approved in writing.

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

Results: We observed that late fees were assessed on the Chase credit card statement for May 2024.

Management's Response: The automatic payment for the Chase credit card in May was rejected on the bank side, resulting in a late fee. These payments are set-up on autopay, and have always been processed automatically without issue. We have contacted Chase regarding this matter and a refund for these fees is being requested. We are working with Chase to ensure that this issue is resolved so that it does not recur in the future.

14. 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: We were provided with proper documentation for every selected transaction. We noted no exceptions.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

a) If reimbursed using a per diem, observe 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: Not applicable as the reimbursements we selected were not per diem.

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

Results: Reimbursements using actual costs were supported by the original itemized receipts. No exceptions noted.

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: Each reimbursement was supported by documentation detailing the business/public purchase for the charge. No exceptions noted.

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

Results: Each reimbursement was reviewed and approved by someone other than the person receiving the reimbursement. No exceptions noted.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe 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: We noted that all contracts selected were not subject to Louisiana Public Bid Law.

- 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: Contracts are reviewed by legal counsel. When required, contracts are presented to the board for approval. Our selections did not require board approval.

- 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: Our selections did not include any amendments. No exceptions noted.

- 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: We noted that each invoice agreed with contract terms and conditions. No exceptions noted.

Payroll and Personnel

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

Results: We requested and obtained paid salaries and personnel files for a selection of five (5) employees. The paid salaries agreed to the authorized salaries in each employee's personnel file. We noted no exceptions.

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

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Results: We've requested daily attendance records and leave documentation for the selected employees. We noted one of the employees is the only hourly employee who must submit time sheets which we have obtained. However, the other four selections are salaried. Salaried employees do not have daily attendance documented by time sheets. Instead, Rooted School uses PTO reports for each employee as a record of attendance. Also, only one of the five selections took leave, and documentation was provided by Rooted School.

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

Results: The hourly employee's time sheets were approved by her supervisor. The salaried employees do not have time sheets. One of the selections took leave during the selected pay period, which was approved by her supervisor.

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

Results: We noted the Entity keeps track of leave taken for all employees in the Entity's cumulative leave records. There is no limit to leave taken or time off unless it is abused by the employee. No exceptions noted.

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

Results: The rate paid to the selected employees agree to the authorized salaries found within the personnel files. We noted no exceptions.

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

Results: We randomly selected 2 employees that were terminated during the fiscal year and agreed their termination payments to their personnel files. No exceptions noted.

20. 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 noted regarding this requirement.

Ethics

Results: Not applicable as the Entity is a non-profit.

Debt Service

Results: Not applicable as the Entity is a non-profit.

Fraud Notice

21. 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: Management confirmed there were no misappropriations of public funds and assets during the fiscal year ended June 30, 2024.

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

Results: The required notice above is present on Entity's website. No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

23. 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.

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

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

25. Observed evidence that employees with access to the agency's information technology assets have received cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

Sexual Harassment

Results: Not applicable as the Entity is a non-profit.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
December 2, 2024