

ATHLOS ACADEMY OF JEFFERSON

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
June 30, 2022 and 2021

ATHLOS ACADEMY OF JEFFERSON

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Athlos Academy of Jefferson (the Academy) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Athlos Academy of Jefferson as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy 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 Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 on our consideration of Athlos Academy of Jefferson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Academy'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 Athlos Academy of Jefferson's internal control over financial reporting and compliance.

Kushner LaGraize. L.L.C.

Metairie, Louisiana
January 30, 2023

ATHLOS ACADEMY OF JEFFERSON

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 1,182,970	\$ 1,529,269
Grants receivable	2,790,731	875,496
Due from related party – other	127,197	-
Prepaid expenses	<u>1,274</u>	<u>-</u>
TOTAL CURRENT ASSETS	4,102,172	2,404,765
NONCURRENT ASSETS		
Deposits	<u>17,011</u>	<u>17,011</u>
TOTAL NONCURRENT ASSETS	<u>17,011</u>	<u>17,011</u>
TOTAL ASSETS	<u>\$ 4,119,183</u>	<u>\$ 2,421,776</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 385,798	\$ 198,994
Accrued payroll and other liabilities	267,712	126,594
Due to the Louisiana Department of Education	-	12,331
Due to related parties – other	<u>842,483</u>	<u>225,589</u>
TOTAL CURRENT LIABILITIES	<u>1,495,993</u>	<u>563,508</u>
TOTAL LIABILITIES	1,495,993	563,508
NET ASSETS		
Without donor restrictions	<u>2,623,190</u>	<u>1,858,268</u>
TOTAL NET ASSETS	<u>2,623,190</u>	<u>1,858,268</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,119,183</u>	<u>\$ 2,421,776</u>

ATHLOS ACADEMY OF JEFFERSON
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2022 and 2021

	2022 Without Donor <u>Restrictions</u>	2021 Without Donor <u>Restrictions</u>
REVENUE		
State and local MFP funding	\$ 13,665,425	\$ 13,213,308
Federal and state grant revenue	3,387,287	1,296,707
Food service income	-	175
Other income	64,079	110,386
Interest income	<u>2,351</u>	<u>6,462</u>
 TOTAL REVENUE	 17,119,142	 14,627,038
EXPENSES		
Program services	9,917,846	8,433,252
General and administrative	<u>6,436,374</u>	<u>5,372,339</u>
 TOTAL EXPENSES	 <u>16,354,220</u>	 <u>13,805,591</u>
 CHANGES IN NET ASSETS	 764,922	 821,447
NET ASSETS, Beginning of Year	<u>1,858,268</u>	<u>1,036,821</u>
NET ASSETS, End of Year	<u>\$ 2,623,190</u>	<u>\$ 1,858,268</u>

ATHLOS ACADEMY OF JEFFERSON

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salary expense	\$ 5,438,761	\$ 682,359	\$ 6,121,120
Payroll taxes & employee benefits	1,070,741	128,613	1,199,354
Professional fees	714,722	1,831,203	2,545,925
Facility expense	37,100	3,076,244	3,113,344
Insurance	-	478,408	478,408
Student transportation	1,216,133	-	1,216,133
Food service expense	574,471	3	574,474
Travel expenses	7,580	528	8,108
Materials and supplies	565,018	206,696	771,714
Books and workbooks	291,320	-	291,320
Equipment costs	1,800	18,750	20,550
Miscellaneous expense	<u>200</u>	<u>13,570</u>	<u>13,770</u>
TOTAL EXPENSES	<u>\$ 9,917,846</u>	<u>\$ 6,436,374</u>	<u>\$ 16,354,220</u>

ATHLOS ACADEMY OF JEFFERSON

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

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

ATHLOS ACADEMY OF JEFFERSON

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 764,922	\$ 821,447
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Grants receivable	(1,915,235)	(194,363)
Prepaid expenses	(1,274)	-
Due from related parties	(127,197)	-
Accounts payable	186,804	(35,214)
Accrued payroll and other liabilities	141,118	(368,659)
Due to the Louisiana Department of Education	(12,331)	12,331
Due to related parties	<u>616,894</u>	<u>(175,503)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>(346,299)</u>	 <u>60,039</u>
 NET CHANGE IN CASH	 (346,299)	 60,039
CASH - Beginning of year	<u>1,529,269</u>	<u>1,469,230</u>
CASH - End of year	<u>\$ 1,182,970</u>	<u>\$ 1,529,269</u>

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

The charter contract entered into with BESE was effective for an initial period of four years and was set to terminate on June 30, 2023, unless extended for a maximum initial term of five years, contingent upon the results of a review by BESE after the completion of the third year of operation. Prior to the expiration of the current charter contract, the charter contract may be renewed at the discretion of BESE pursuant to applicable provisions of Title 17, Chapter 42, of the Louisiana Revised Statutes and BESE policy Bulletin 126.

In December of 2022, BESE approved a three-year renewal of the charter contract, through June 30, 2026, as recommended by the Louisiana Department of Education (LDOE).

Basis of Accounting and Financial Statement Presentation

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

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

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Accounting and Financial Statement Presentation - Continued

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

Donor restricted revenues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. The Academy did not have any assets with donor restrictions as of June 30, 2022 and 2021.

Use of Estimates

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

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Academy's financial instruments of cash and cash equivalents, grants receivable, due from related party - other, deposits, accounts payable, accrued liabilities, due to the Louisiana Department of Education, and due to related party - other are that the carrying amounts reported approximate fair value at June 30, 2022 and 2021.

Liquidity

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

Cash and Cash Equivalents

The Academy considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. The Academy had no cash equivalents at June 30, 2022 and 2021.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2022 and 2021

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Grants Receivable

Grants receivable consists of receivables related to the federal grant programs and are stated at the amounts the Academy expects to collect. As of June 30, 2022, and 2021, the Academy has determined that there were no balances deemed uncollectible.

Revenue Recognition

Program income and other sources of income are accounted for under ASC Topic 606, *Revenue from Contracts with Customers*, recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied, or when performance obligations are met. The Academy's primary sources of funding are through the State of Louisiana Public School Fund-Minimum Foundation Program (MFP) and federal and state grants. Revenues from federal and state grants are recorded when the Academy has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the Academy, or when earned under the terms of the grants.

Functional Expenses

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

New Accounting Pronouncements

In February 2016, the FASB issues Accounting Standards Update No. 2016-02, *Leases* (Topic 842). Topic 842 requires that a lease liability and related right-of-use asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance or operating, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and statement of cash flows will be substantially unchanged from the existing lease accounting guidance. Topic 842 is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Academy is currently evaluating the impact Topic 842 will have on their financial statements.

For the year ended June 30, 2022, the Academy adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2022 and 2021

NOTE 2 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of cash deposits. The Academy at times has cash on deposit at financial institutions that is in excess of federally insured limits. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Academy has not experienced any losses in such accounts. The Academy has no policy requiring collateral or other security to support its deposits.

The total bank balances were \$1,195,883 and \$1,533,890, of which \$944,013 and \$1,282,011 was uninsured for the years ended June 30 2022 and 2021, respectively.

NOTE 3 – CONCENTRATIONS

The Academy receives a significant portion of its support from the MFP. Management is not aware of any actions that will significantly affect the amount of funds the Academy will receive in future years. Approximately 80% and 90% of total revenue was received from the MFP program during the years ended June 30, 2022 and 2021, respectively.

NOTE 4 – INCOME TAX STATUS

The Academy received a tax-exempt ruling under Section 501(c)(3) from the Internal Revenue Service, and accordingly, is not subject to federal income tax unless the Academy has unrelated trade or business income. Management believes there are no uncertain tax positions. As of June 30, 2022, the Academy had three years of tax returns open for review by the IRS. The years 2021, 2020, and 2019 are included within the 3-year statute of limitations for IRS review. As of the date of the audit report, the Academy has not filed its tax return for the year ended June 30, 2022.

NOTE 5 – EMPLOYEE BENEFIT PLAN

The Academy sponsors a defined contribution plan (the Plan) for all employees qualified under Section 403(b) of the Internal Revenue Code. Contributions to the Plan by the Academy are based on the participants' contributions. The Academy pays expenses associated with the administration of the Plan. The Academy expensed contributions to the Plan totaling \$15,773 and \$6,405 during the years ended June 30, 2022 and 2021, respectively.

NOTE 6 – LEASE

The Academy entered into a build to suit lease agreement with, RJ Jefferson Parish I, LLC, a related party, as described in Note 8, for its school facility and related furniture and equipment in Terrytown, Louisiana, expiring August 2043. On July 8, 2020, the lease was amended to include the installation of portable buildings which increased the fixed monthly payment. Total lease expense was \$1,964,245 and \$1,910,220 for the years ended June 30, 2022 and 2021, respectively. The lease agreement provides for the following minimum lease payments during the twenty-five-year term of the lease.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2022 and 2021

NOTE 6 – LEASE – Continued

Future minimum lease payments are as follows:

<u>June 30,</u>	
2023	\$ 2,010,369
2024	2,058,535
2025	2,109,824
2026	2,162,569
2027	2,216,633
Thereafter	<u>44,032,825</u>
	<u>\$ 54,590,755</u>

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

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

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,182,970	\$ 1,529,269
Grants receivable	2,790,731	875,496
Due from related party – other	<u>127,197</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,100,898</u>	<u>\$ 2,404,765</u>

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

The Academy maintains a \$200,000 line of credit with a related party, as discussed in more detail in Note 8. The full line of credit was available as of June 30, 2022 and 2021.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2022 and 2021

NOTE 8 – RELATED PARTIES

The Academy entered into a master school services agreement effective beginning July 1, 2018, with School Model Support, L.L.C., dba Athlos Academies, to provide education, performance character, health and fitness programs, and school opening and ongoing management services. In addition, included in this agreement, the Academy is provided a trademark license agreement, which provides the Academy the right to use the Athlos Academies' logo. The agreement is for an initial term of five years and will expire on the fifth anniversary of the term commencement date. The Academy recognized management services expense of \$1,639,851 and \$1,585,597 for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021 the Academy had a remaining balance due to School Model Support, L.L.C. of \$678,549 and \$225,589, respectively, and had an outstanding balance due from School Model Support, L.L.C. of \$127,197 and \$0, respectively.

The Academy entered into a facility lease agreement with Rj Jefferson Parish I, LLC, a related party with ownership similar to Athlos Academies, to rent school facilities. This is recorded as an operating lease and is described in Note 6. At June 30, 2022 and 2021, the Academy had a balance due to Rj Jefferson Parish I, LLC of \$163,934 and \$0, respectively.

The Academy entered into an agreement with Athlos Academies, Partner/National Affiliate, to provide a line of credit up to \$200,000 through July 31, 2023, with a 0 % interest rate. The unpaid principal balance was \$0 at June 30, 2022 and 2021.

NOTE 9 – CONTINGENCIES

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

NOTE 10– SUBSEQUENT EVENTS

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

No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in these financial statements.

SUPPLEMENTARY INFORMATION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Athlos Academy of Jefferson (the Academy), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2023.

Report on Internal Control over Financial Reporting

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

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Athlos Academy of Jefferson's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-003.

Athlos Academy of Jefferson's Response to Findings

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

We identified certain matters that were reported to management of Athlos Academy of Jefferson in a separate letter dated January 30, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
January 30, 2023

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

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

Report on Compliance for Each Major Federal Program

We have audited Athlos Academy of Jefferson's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2022. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
January 30, 2023

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Award Year</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Passed through State of Louisiana Department of Education:			
Title I, Part A - Grants to Local Educational Agencies	84.010	2020 - 2021	\$ 96,688
Title I, Part A - Grants to Local Educational Agencies	84.010	2021 - 2022	<u>820,403</u>
Total Title I, Part A – Grants to Local Educational Agencies			917,091
Direct Student Services	84.010A	2020 - 2021	18,469
Special Education Cluster			
COVID-19 IDEA Part B - Special Education Grants to States	84.027	2020 - 2021	59,595
IDEA Part B - Special Education Grants to States	84.027	2020 - 2021	27,687
IDEA Part B - Special Education Grants to States	84.027	2021 - 2022	<u>261,147</u>
Total Special Education Cluster			348,429
Title II, Part A – Supporting Effective Instruction State Grants	84.367	2020 - 2021	50,828
Title II, Part A – Supporting Effective Instruction State Grants	84.367	2021 - 2022	<u>218,208</u>
Total Title II, Part A – Supporting Effective Instruction State Grants			269,036
Title III, Part A – English Language Acquisition State Grants	84.365	2020 - 2021	10,496
Title III, Part A – English Language Acquisition State Grants	84.365	2021 - 2022	<u>1,000</u>
Total Title III, Part A – English Language Acquisition State Grants			11,496
Title IV, Part A – Student Support and Academic Enrichment Program	84.424	2020 - 2021	68,260
Title IV, Part A – Student Support and Academic Enrichment Program	84.424	2021 - 2022	<u>56,241</u>
Total Title IV, Part A – Student Support and Academic Enrichment Program			124,501

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended June 30, 2022

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Award Year</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Passed through State of Louisiana Department of Education:			
COVID-19 Education Stabilization Fund - ESSER Fund	84.425D	2019 - 2020	5,000
COVID-19 Education Stabilization Fund - ESSER Fund	84.425D	2020 - 2021	383,875
COVID-19 Education Stabilization Fund - ESSER Fund	84.425D	2021 - 2022	<u>113,321</u>
Total COVID-19 Education Stabilization Fund - ESSER Fund			502,196
COVID-19 Education Stabilization Fund - ARP ESSER Fund	84.425U	2020 - 2021	91,124
COVID-19 Education Stabilization Fund - ARP ESSER Fund	84.425U	2021 - 2022	<u>421,114</u>
Total COVID-19 Education Stabilization Fund - ARP ESSER Fund			<u>512,238</u>
Total COVID-19 Education Stabilization Fund			<u>1,014,434</u>
Total for U.S. Department of Education			2,703,456
U.S. Department of Agriculture			
Passed through State of Louisiana Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555	2021 - 2022	682,033
COVID-19 Emergency Cost Grant	10.555	2021 - 2022	37,869
COVID-19 Supply Chain Assistance Grant	10.555	2021 - 2022	<u>32,413</u>
Total Child Nutrition Cluster			752,315
COVID-19 Pandemic EBT Food Benefits	10.542	2021 - 2022	<u>3,063</u>
Total for U.S. Department of Agriculture			<u>755,378</u>
Total Federal Expenditures			<u>\$ 3,458,834</u>

ATHLOS ACADEMY OF JEFFERSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

NOTE 2 – DETERMINATION OF TYPE A AND TYPE B PROGRAMS

Federal award programs are classified as either Type A or Type B programs. For the year ended June 30, 2022, Type A programs consisted of the federal programs that expended over \$750,000 and Type B programs are the programs that expended under \$750,000.

NOTE 3 – DE MINIMIS COST RATE

During the year ended June 30, 2022, the Academy did not elect to use the 10% de minimis cost rate as covered in section 200.414 of the Uniform Guidance.

NOTE 4 – SUBRECIPIENTS

The Academy did not pass-through any of its federal awards to a subrecipient during the year ended June 30, 2022.

NOTE 5 – NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2022.

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? X Yes ___ No
- Significant deficiency(ies) identified? X Yes ___ None reported

Noncompliance material to financial statements noted? X Yes ___ No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 Education Stabilization Fund
84.010	Title I, Part A - Grants to Local Educational Agencies

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

Auditee Qualified as Low-Risk Auditee? ___ Yes X No

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2022

2. FINANCIAL STATEMENT FINDINGS

Internal Control:

Material Weakness

2022-001

Criteria:

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

Condition:

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

Cause:

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

Effects:

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

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

Recommendations:

We present the following recommendations:

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

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2022

2. FINANCIAL STATEMENT FINDINGS - CONTINUED

Management's Response:

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

Significant Deficiency

2022-002

Criteria:

Management is responsible for designing, implementing, and maintaining policies and procedures to provide effective internal controls over their major transaction classes to prevent and detect misstatements, whether caused by error or fraud.

Condition:

During our audit procedures, we noted many instances related to the Academy's credit cards, non-payroll disbursements (non-grant related) and travel reimbursements where the policies and procedures were not followed. These are listed below:

- Some purchases made on the Academy's credit card did not have adequate documentation of the business purpose or documentation of individuals participating during meal charges, and/or were not supported by original itemized receipts. In addition, one statement did not show evidence of review or approval by the appropriate personnel.
- For some non-payroll disbursements, supporting documentation could not be located.
- For several travel reimbursements, an original itemized receipt could not be located.

Cause:

Due to the turnover in key personnel, management did not provide the oversight to ensure employees followed the appropriate policies and procedures.

Effect:

The conditions shown above represent a significant deficiency in internal control which could result in abuse and the misappropriation of assets.

Recommendation:

We recommend the Academy follow its policies and procedures over cash disbursements, specifically over credit cards, non-payroll expenditures and travel reimbursements, to ensure these expenses are properly documented and supported. This will mitigate the potential for misstatements or the misappropriation of assets, whether caused by error or fraud.

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2022

2. FINANCIAL STATEMENT FINDINGS - CONTINUED

Management's Response:

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

Compliance

2022-003

Criteria:

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

Condition:

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

Cause:

The Academy requested an extension on December 16, 2022 until January 31, 2023. They were unable to meet the December 31, 2022 deadline due to the resignation of key senior management and finance personnel during the end of their fiscal year. The key management positions were filled, but the individuals needed time to review and provide the documentation required for the audit to assure accuracy and completeness prior to submission.

Effect:

The Academy was not in compliance with Louisiana Revised Statute 24:513.

Recommendation:

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

Management's Response:

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

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

I. FINANCIAL STATEMENT FINDINGS

2021-001 – Unresolved – See 2022-001

2021-002 - Resolved

2021-003 - Unresolved – See 2022-003

2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

3. MEMORANDUM OF ADVISORY COMMENTS

2021-01 – Retirement contributions – Resolved

2021-02 – Cash Handling Procedures – Unresolved – See Memorandum of Advisory Comments
2022-01

2021-03 – Signature Authority Policy – Unresolved – See Memorandum of Advisory Comments
2022-02

2021-04 – Electronic Cash Receipt System – Resolved

2021-05 – Timely Submission of Grant Documentation – Partially resolved – See Memorandum of
Advisory Comments 2022-03

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
BENEFITS AND OTHER PAYMENTS TO AGENCY HEADS
FOR THE YEAR ENDED JUNE 30, 2022

Cheryl Martin, Lower School Principal:

Purpose:	
Salary *	\$ 500
Seminar expenses	<u> 539</u>
Total	<u><u>\$ 1,039</u></u>

Jordan Sanchez, Upper School Principal:

Purpose:	
Salary *	\$ 500
Seminar expenses	<u> 4,775</u>
Total	<u><u>\$ 5,275</u></u>

* The payments included here represent stipend payments made during the school year.

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF BOARD OF DIRECTORS
FOR THE YEAR ENDED JUNE 30, 2022

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

**Former board member who was active during the year ended June 30, 2022.*

CORRECTIVE ACTION PLAN AUDIT FINDINGS

January 30, 2023

Louisiana State Legislative Auditor

Athlos Academy of Jefferson Parish respectfully submits to you the following corrective action plan for the audit comments for the year ended June 30, 2022.

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

Audit period: July 1, 2021 – June 30, 2022

AUDIT FINDINGS

Internal Control:

Material Weakness

2022-001

Condition:

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

Recommendations:

We present the following recommendations:

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

Management's Response:

Management concurs with the recommendations and is in the process of cross-training personnel, as well as reviewing the timeliness of reconciling accounts and recording accrual entries to ensure these tasks are performed on a monthly basis.

Significant Deficiency

2022-002

Condition:

During our audit procedures, we noted many instances related to the Academy's credit cards, non-payroll disbursements (non-grant related), and travel reimbursements where the policies and procedures were not followed. These are listed below:

- Some purchases made on the Academy's credit card did not have adequate documentation of the business purpose or documentation of individuals participating during meal charges, and/or were not supported by original itemized receipts; In addition, one statement did not show evidence of review or approval by the appropriate personnel.
- For some non-payroll disbursements, supporting documentation could not be located.
- For several travel reimbursements, an original itemized receipt could not be located.

Recommendation:

We recommend the Academy follow its policies and procedures over cash disbursements, specifically over credit cards, non-payroll expenditures and travel reimbursements, to ensure these expenses are properly documented and supported. This will mitigate the potential for misstatements or the misappropriation of assets, whether caused by error or fraud.

Management's Response:

Management concurs with the recommendation. The new management team has begun reviewing these policies and procedures to enforce any deficiencies, including additional training for all staff with these responsibilities.

Compliance

2022-003

Condition:

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

Recommendation:

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

Management's Response:

Management concurred with the recommendation. With new employees in place for the FY23 fiscal year, the management team anticipates meeting the submission deadline for FY23.

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

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

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

The procedures and associated findings are as follows:

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

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

We noted no exceptions.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2021 roll books for those classes and observed that the class was properly classified on the schedule.

We noted no exceptions.

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

3. We obtained October 1, 2021 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Per review of the documentation maintained for the 25 individuals selected, we noted 3 individuals' education level did not agree to the data included in the October 1, 2021 PEP report. We also noted, that of the 25 individuals selected, 7 individuals' years of experience documented in their personnel file did not agree to the data included in the October 1, 2021 PEP report.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Per review of the documentation maintained for the 25 individuals selected, we noted 2 individuals' salary information did not agree to the data included in the June 30th PEP report.

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

Management has responded, see attached.

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

Kushner LaGraize, L.L.C.

January 30, 2023
Metairie, Louisiana

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE I – GENERAL FUND INSTRUCTIONAL AND SUPPORT
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES
As of and For the Year Ended June 30, 2022
(Unaudited)

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

GENERAL FUND INSTRUCTIONAL EXPENDITURES

TEACHER AND STUDENT INTERACTION ACTIVITIES

Classroom teacher salaries	\$ 3,886,653
Other instructional staff activities	796,535
Instructional staff employee benefits	1,009,209
Purchased property services	6,109
Purchased professional and technical services	255,562
Instructional materials and supplies	254,895
Instructional equipment	<u>-</u>

TOTAL TEACHER AND STUDENT INTERACTION ACTIVITIES 6,208,963

OTHER INSTRUCTIONAL ACTIVITIES -

PUPIL SUPPORT ACTIVITIES 298,865

Less: equipment for pupil support activities -

NET PUPIL SUPPORT ACTIVITIES 298,865

INSTRUCTIONAL STAFF SERVICES 37,491

Less: equipment for instructional staff services -

NET INSTRUCTIONAL STAFF SERVICES 37,491

SCHOOL ADMINISTRATION 1,765,186

Less: equipment for school administration -

NET SCHOOL ADMINISTRATION 1,765,186

TOTAL GENERAL FUND INSTRUCTIONAL EXPENDITURES \$8,310,505

TOTAL GENERAL FUND EQUIPMENT EXPENDITURES \$ -

Note: Remainder of the BESE Schedule I does not apply to the Academy.

ATHLOS ACADEMY OF JEFFERSON

SCHEDULE II – CLASS SIZE CHARACTERISTICS

As of October 1, 2021

(Unaudited)

CLASS SIZE CHARACTERISTICS

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	8%	43	59%	322	22%	119	12%	65
Elementary Activity Classes	7%	4	56%	33	22%	13	15%	9
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
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.

CORRECTIVE ACTION PLAN

January 30, 2023

Board of Elementary and Secondary Education Auditor

Athlos Academy of Jefferson Parish respectfully submits to you the following Corrective Action Plan in response to the BESE Agreed-Upon Procedures engagement performed for the year ended June 30, 2022.

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

Audit period: July 1, 2021 – June 30, 2022

Procedure:

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

3. We obtained October 1, 2021 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Per review of the documentation maintained for the 25 individuals selected, we noted 3 individuals' education level did not agree to the data included in the October 1, 2021 PEP report. We also noted, that of the 25 individuals selected, 7 individuals' years of experience documented in their personnel file did not agree to the data included in the October 1, 2021 PEP report.

Management's Response to 3. Athlos Academy of Jefferson Parish continues to train and implement corrective action procedures to ensure for the year FY23 and beyond that staff education and experience level match submitted PEP reports. In addition, Athlos Academy of Jefferson Parish is providing for additional training for its human resources staff to help with the tracking and populating of this data.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Per review of the documentation maintained for the 25 individuals selected, we noted 2 individuals' salary information did not agree to the data included in the June 30th PEP report.

Management's Response to 4. Athlos Academy of Jefferson Parish continues to train and implement corrective action procedures to ensure for the year FY23 and beyond that staff education and experience level match submitted PEP reports. In addition, Athlos Academy of Jefferson Parish will periodically conduct internal reviews of this information to ensure there are not discrepancies with the reported salaries.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors 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, 2021 through June 30, 2022. Athlos Academy of Jefferson Parish's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

I. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

We obtained the entity's policies on budgeting and noted no exceptions.

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.

We obtained the entity's policies on purchasing and noted no exceptions.

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

We obtained the entity's policies on disbursements and noted no exceptions.

- 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).

We obtained the entity's policies on receipts/collections and noted no exceptions.

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

We obtained the entity's policies on payroll/personnel and noted no exceptions.

- 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.

We obtained the entity's policies on contracting and noted no exceptions.

- 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).

We obtained the entity's policies on credit cards and noted no exceptions.

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

We obtained the entity's policies on travel and expense reimbursement and noted no exceptions.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

We obtained the entity's policies on ethics and noted no exceptions.

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

N/A – the entity holds no outstanding debt.

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

We obtained the entity's policies on information technology disaster recovery/business continuity and noted no exceptions.

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

N/A – this section is not applicable to not-for-profit entities.

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.

The Board of Directors met in accordance with their policies and procedures with a quorum present at each meeting, without exception.

- 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.

Noted the minutes referenced or included the applicable financial statement comparisons, without exception.

- 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.

N/A – this section is not applicable to not-for-profit entities.

Bank Reconciliations

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

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

Per review of the bank reconciliations selected, we noted they were prepared timely and emailed monthly to the Board Treasurer. No exception 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

Per review of the bank reconciliations selected, we noted they were reviewed and approved via email by the Board Treasurer. No exception noted.

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

N/A – no reconciling items outstanding for more than 12 months.

Collections (excluding electronic funds transfers)

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

Obtained listing of deposit sites for the fiscal period and management's representation that the listing is complete, without exception.

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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

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.

Reviewed the entity's policy covering theft of cash by employees responsible for cash collections, without exception.

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

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

N/A – due to the small volume of cash collections received, the entity does not utilize a system of sequentially pre-numbered receipts for their collections.

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

Per review of the 2 deposits examined, we noted a deposit slip was not retained for 1 deposit. However, reviewed other supporting documentation noting the amount collected agreed to the general ledger detail and the amount deposited on the bank statement, without exception.

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

Per review of the 2 deposits examined, we noted a deposit slip was not retained for 1 deposit. However, reviewed other supporting documentation noting the amount collected agreed to the general ledger detail and the amount deposited on the bank statement, without exception.

- 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).

Per review of the 2 deposits examined, we noted one deposit lacked sufficient supporting documentation showing when the collections were made. Therefore, we were unable to determine the collection date and the timing between collection and deposit. We consider this an exception.

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

For all deposits examined, traced deposit per the bank statement to recording in the general ledger, without exception.

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).

Obtained listing of locations that process payments for the fiscal period and management's representation that the listing is complete, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

Noted proper segregation of duties for the responsibilities listed above, without exception.

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.

Examined 5 non-payroll disbursements noting supporting documentation for 1 transaction selected could not be located. We consider this an exception.

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

Examined 5 non-payroll disbursements noting supporting documentation for 1 transaction selected could not be located. We consider this an exception.

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

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

Obtained complete listing of all active credit cards for the fiscal period and management's representation that the listing is complete, without exception.

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

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

For the statements examined, we noted 1 statement did not show evidence of review and approval by appropriate personnel. We consider this an exception.

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

Noted no finance charges or late fees assessed on the statements examined.

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

For the transactions examined, we noted 7 of 11 transactions lacked an itemized receipt, 8 of 11 transactions lacked documentation of business purpose, and 1 meal transaction did not properly document the individuals participating in the meal. We noted no compensating controls to address the missing receipts. We consider this an exception.

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

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

- a) If reimbursed using a per diem, observe 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).

N/A – no per diem reimbursements selected for testing.

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

Per review of the transactions selected, we noted an original itemized receipt was not retained for 3 transactions tested. We consider this an exception.

- 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).

Per review of the transactions selected, we noted documentation of the business/public purpose on the purchase requisition included with the supporting documentation. However, for meal reimbursements, we noted no documentation of the individuals participating in the meals. We consider this an exception.

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

Noted each reimbursement showed evidence of review and approval by appropriate personnel, without exception.

Contracts

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

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

Noted all contracts examined were properly procured in accordance with the Louisiana Bid Law, without exception.

- 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).

Noted all contracts examined were reviewed and approved by the Board, without exception.

- 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).

N/A – no agreements/contracts that were amended during the year.

- 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.

Noted all payments examined were in accordance with the terms of the applicable contract, without exception.

Payroll and Personnel

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

Obtained complete listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete, without exception.

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

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

Noted each employee tested documented their daily attendance and leave, without exception.

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

Noted all attendance and leave taken was approved by the employees' supervisor, without exception.

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

Noted all leave accrued or taken was properly reflected in the entity's cumulative records, without exception.

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

Noted authorized salary/pay rate for each individual tested agreed to their personnel file, without exception.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 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.

Obtained a listing of all termination payments and managements representation the listing is complete, without exception. Per review of the 2 payments selected, we noted each were supported by the criteria noted above, without exception.

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

Per discussion with management, all employer and employee portions of third-party payroll related amounts have been properly paid and forms filed by the required deadline.

Ethics

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

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Per review of the employees selected, we noted all completed the one hour ethics course, without exception.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

N/A – there were no changes in the entity's ethics policies per management.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

N/A – the entity has no outstanding debt during the period per management.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

N/A – the entity had no outstanding debt during the period per management.

Fraud Notice

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

N/A - per management the entity had no misappropriation of public funds or assets during the period.

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

We observed the notice posted on the school's premises, without exception.

Information Technology Disaster Recovery/Business Continuity

25. 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.

Obtained and observed backup documentation listed above, noting no exceptions.

- 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.

Obtained and examined backup documentation listed above, noting no exceptions.

- 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.

For each computer examined, noted each had the requirements noted above, without exception.

Sexual Harassment

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

N/A – this section is not applicable to not-for-profit entities.

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

N/A – this section is not applicable to not-for-profit entities.

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

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

N/A – this section is not applicable to not-for-profit entities.

We were engaged by the Academy 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 the Academy 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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
January 30, 2023

CORRECTIVE ACTION PLAN

January 30, 2023

Louisiana State Legislative Auditor

Athlos Academy of Jefferson Parish respectfully submits to you the following corrective action plan for the Statewide Agreed-Upon Procedures (SAUP's) for the year ended June 30, 2022.

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

Audit period: July 1, 2021 – June 30, 2022

Procedure:

Collections (excluding electronic funds transfers)

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

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

Per review of the 2 deposits examined, we noted a deposit slip was not retained for 1 deposit. However, reviewed other supporting documentation noting the amount collected agreed to the general ledger detail and the amount deposited on the bank statement, without exception.

Management's Response to 7b. Athlos Academy of Jefferson Parish continues to implement training to employees to understand the policies and procedures related to the handling of bank transactions, which includes retaining proper documented support of all transactions. In an unlikely instance where the supporting document is lost or not available, compensating support will be provided from the employee's handling the transactions.

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).

Per review of the 2 deposits examined, we noted one deposit lacked sufficient supporting documentation showing when the collections were made. Therefore, we were unable to determine the collection date and the timing between collection and deposit. We consider this an exception.

Management's Response to 7d. Athlos Academy of Jefferson Parish continues to implement training to employees to understand the policies and procedures related to the handling of bank transactions, which includes retaining proper documented support of all transactions.

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

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.

Examined 5 non-payroll disbursements noting supporting documentation for 1 transaction selected could not be located. We consider this an exception.

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

Examined 5 non-payroll disbursements noting supporting documentation for 1 transaction selected could not be located. We consider this an exception.

Management's Response to 10a and 10b. Athlos Academy of Jefferson Parish continues to implement training to employees to understand the policies and procedures related to disbursement activity, which includes retaining proper documenting support of all transactions, regardless of payment type. Electronic storage of supporting documentation has been created to ensure historical records will be available when reviewing viewing transactions.

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

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

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

For the statements examined, we noted 1 statement did not show evidence of review and approval by appropriate personnel. We consider this an exception.

Management's Response to 12a. Management of Athlos Academy of Jefferson Parish has included, as part of the monthly accounting closing procedures, to review all of the organization's cards to ensure proper approval and review of each statement occurs, as well as reviewing supporting documentation for each transaction exists.

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

For the transactions examined, we noted 7 of 11 transactions lacked an itemized receipt, 8 of 11 transactions lacked documentation of business purpose, and 1 meal transaction did not properly document the individuals participating in the meal. We noted no compensating controls to address the missing receipts. We consider this an exception.

Management's Response to 13. Management of Athlos Academy of Jefferson Parish has implemented training for employees who have authority to expend privilege's, to understand the compliance requirements for such expenses. Management will review these transactions in the future to ensure the items purchased, the business purpose of the items and proper documentation exists, including in circumstances where obtaining a receipt is not possible.

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

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

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

Per review of the transactions selected, we noted an original itemized receipt was not retained for 3 transactions tested. We consider this an exception.

Management's Response to 14b. Management of Athlos Academy of Jefferson Parish has implemented training for employees who have authority to expend privilege's, to understand the compliance requirements for such expenses, and the importance of obtaining receipts. Management will review these transactions in the future to ensure all purchases are supported by receipts or compensating documentation.

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).

Per review of the transactions selected, we noted documentation of the business/public purpose on the purchase requisition included with the supporting documentation. However, for meal reimbursements, we noted no documentation of the individuals participating in the meals. We consider this an exception.

Management's Response to 14c. Management of Athlos Academy of Jefferson Parish has implemented training for employees who have authority to expend privilege's, to understand the compliance requirements for such expenses, and the importance of obtaining receipts. Management will review these transactions in the future to ensure all purchases are supported by receipts or compensating documentation. Employees that do not comply with the policy for meals documentation support, their purchasing authority will be revoked.

Memorandum of Advisory Comments
ATHLOS ACADEMY OF JEFFERSON

June 30, 2022

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**INTERNAL CONTROL
AND RELATED MATTERS**

Board of Directors

ATHLOS ACADEMY OF JEFFERSON

We have audited the financial statements of Athlos Academy of Jefferson (the Academy), as of and for the year ended June 30, 2022, and have issued our report thereon dated January 30, 2023. As part of our audit we considered the Academy's internal control in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

Our consideration of the internal controls has been reported on in a separately issued report entitled "*Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*"

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

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

Kushner LaGraize, L.L.C.

Metairie, Louisiana
January 30, 2023

**ATHLOS ACADEMY OF JEFFERSON
MANAGEMENT LETTER COMMENTS**

June 30, 2022

COMMENTS

2022-01

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

Recommendation

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

Management's Response

See Management's Corrective Action Plan

2022-02

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

Recommendation

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

Management's Response

See Management's Corrective Action Plan

ATHLOS ACADEMY OF JEFFERSON
MANAGEMENT LETTER COMMENTS - CONTINUED
June 30, 2022

2022-03

During our audit procedures, we noted instances where requests for reimbursements were not consistently prepared and submitted throughout the year, leaving a significant amount of funding remaining at year end. Fortunately, the State extended the remittance date to assist with the requests, and rolled any outstanding funding into the next year's budget, and made it available.

Recommendation

We strongly recommend that Athlos review and revise their current policies and procedures to reflect a process to prepare and submit requests for reimbursements on a consistent and timely basis to prevent the loss of current and future funding.

Management's Response

See Management's Corrective Action Plan

MEMORANDUM OF ADVISORY COMMENTS ON CORRECTIVE ACTION PLAN

January 30, 2023

Louisiana State Legislative Auditor

Athlos Academy of Jefferson Parish respectfully submits to you the following corrective action plan for the audit comments for the year ended June 30, 2022.

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

Audit period: July 1, 2021 – June 30, 2022

COMMENTS

2022-01

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

Recommendation

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

Management's Response

Management concurs with the recommendation. Several school and management personnel were new employees during the year, that were learning the policies and procedures for the noted deficiencies. Management is providing additional training and oversight of these procedures to ensure they are followed by all employees.

2022-02

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

Recommendation

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

Management's Response

Management concurs with the recommendation and is revising the policy and procedure related to electronic payments. In addition, management will review all accounts payable policies and procedures are updated and current.

2022-03

During our audit procedures, we noted instances where requests for reimbursements were not consistently prepared and submitted throughout the year, leaving a significant amount of funding remaining at year end. Fortunately, the State extended the remittance date to assist with the requests, and rolled any outstanding funding into the next year's budget, and made it available.

Recommendation

We strongly recommend that Athlos review and revise their current policies and procedures to reflect a process to prepare and submit requests for reimbursements on a consistent and timely basis to prevent the loss of current and future funding.

Management's Response

Management's agrees with the recommendation and has begun updating its processes to prepare and submit requests for reimbursements in a consistent and timely basis. A consulting firm that specializes in grants management has been retained for FY23 to assist with improving these processes.