

REDESIGN SCHOOLS OF LOUISIANA

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Redesign Schools of Louisiana
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of Redesign Schools of Louisiana ("RSL"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, 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 Redesign Schools of Louisiana as of June 30, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RSL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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, 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 RSL'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 RSL'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining financial statements and schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of RSL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 RSL's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

New Orleans, Louisiana
December 21, 2023

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,419,669
Grants receivable, net	3,678,656
Prepaid items	<u>208,665</u>
Total Current Assets	<u>5,306,990</u>

Other Assets:

Lease - Right-of-use	<u>51,161</u>
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TOTAL ASSETS	<u><u>\$ 5,358,151</u></u>
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LIABILITIES

Current Liabilities:

Accounts payable	\$ 428,555
Accrued expenses	225,806
Current portion of lease obligation	<u>24,490</u>
Total Current Liabilities	<u>678,851</u>

Long-term Liabilities:

Operating lease obligation	<u>26,671</u>
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Total Liabilities	<u>705,522</u>
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NET ASSETS

Without donor restrictions	2,332,263
With donor restrictions	<u>2,320,366</u>

Total Net Assets	<u>4,652,629</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,358,151</u></u>
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The accompanying notes are an integral part of these financial statements.

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operational Activities:			
Local Sources:			
Minimum Foundation Program	\$ -	\$ 3,298,688	\$ 3,298,688
Total local sources	<u>-</u>	<u>3,298,688</u>	<u>3,298,688</u>
State Sources:			
Minimum Foundation Program	-	2,216,817	2,216,817
Grants	<u>-</u>	<u>147,692</u>	<u>147,692</u>
Total state sources	<u>-</u>	<u>2,364,509</u>	<u>2,364,509</u>
 Federal awards	<u>-</u>	<u>5,822,942</u>	<u>5,822,942</u>
 Other income	<u>57,502</u>	<u>-</u>	<u>57,502</u>
 Net assets eased from donor restrictions	<u>11,150,000</u>	<u>(11,150,000)</u>	<u>-</u>
 Total operating activities	<u>11,207,502</u>	<u>336,139</u>	<u>11,543,641</u>
 Operating Activities:			
Program services	6,749,688	-	6,749,688
Supporting services	<u>2,530,681</u>	<u>-</u>	<u>2,530,681</u>
Total operating expenses	<u>9,280,369</u>	<u>-</u>	<u>9,280,369</u>
 Change in net assets from operating activities	<u>1,927,133</u>	<u>336,139</u>	<u>2,263,272</u>
 Non-operating activities:			
Other income(expense)	<u>(3,450)</u>	<u>-</u>	<u>(3,450)</u>
 Total non-operating activities	<u>(3,450)</u>	<u>-</u>	<u>(3,450)</u>
 Change in net assets from operating and non-operating activities	<u>1,923,683</u>	<u>336,139</u>	<u>2,259,822</u>
 Net assets, July 1, 2022	<u>408,580</u>	<u>1,984,227</u>	<u>2,392,807</u>
 Net assets, June 30, 2023	<u><u>\$ 2,332,263</u></u>	<u><u>\$ 2,320,366</u></u>	<u><u>\$ 4,652,629</u></u>

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

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2023

	Without Donor Restrictions		
	Program Services	Supporting Services	Total
Salaries	\$ 3,287,879	\$ 474,857	\$ 3,762,736
Benefits	405,421	60,580	466,001
Payroll taxes	288,462	43,103	331,565
Communications	88,474	63,075	151,549
Professional services	415,257	661,417	1,076,674
Management fees	-	748,509	748,509
Legal fees	-	14,261	14,261
Food services management	423,454	-	423,454
Repairs and maintenance	81,999	-	81,999
Utilities	203,766	-	203,766
Lawn care	58,500	-	58,500
Student transportation	831,861	-	831,861
Purchased services	-	153,498	153,498
Materials and supplies	176,481	124,854	301,335
Insurance	-	120,740	120,740
Curriculum	10,384	-	10,384
Equipment rental	-	49,591	49,591
Dues and fees	-	8,479	8,479
Professional development	424,948	-	424,948
Other	25,394	7,717	33,111
Disposal services	27,408	-	27,408
Total expenses	<u>\$ 6,749,688</u>	<u>\$ 2,530,681</u>	<u>\$ 9,280,369</u>

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

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

Cash Flows from Operating Activities:

Change in net assets	\$ 2,259,822
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Increase) decrease in:	
Decrease in grants receivable	(3,270,076)
Decrease in prepaid items	(85,269)
Operating lease liability	(51,161)
Increase (decrease) in:	
Decrease in accounts payable	318,902
Decrease in accrued expenses	115,387
Operating lease liability	<u>24,490</u>
Net cash (used) provided by operating activities	(687,905)
Net increase (Decrease) in cash and cash equivalents	(687,905)

Cash Flows from Financing Activities:

Repayments of debt borrowings	<u>26,671</u>
Net cash (used) provided by financing activities	26,671
Cash and Cash Equivalents, beginning of year	
(including restricted cash)	<u>2,080,903</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,419,669</u></u>

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

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements Year Ended June 30, 2023

Note 1 – Background and Summary of Significant Accounting Policies

Background

Redesign Schools of Louisiana (RSL) previously is a non-profit public benefit corporation organized under the laws of the State of Louisiana under the name of Celerity Schools Louisiana. During the year ended June 30, 2020, RSL changed its name to Redesign Schools of Louisiana (RSL). RSL commenced operations during the 2014-2015 fiscal year. RSL currently operates a Network Office and three charter schools. Crest worth Middle School's building is maintained by RSL without the operation of a School under an arrangement with the Louisiana Department of Education. The term and sponsoring agency for each of the charter schools is as follows:

<u>Charter Name</u>	<u>Term of Charter</u>	<u>Sponsoring Agency</u>
Crestworth Middle School	5 years	Louisiana Department of Education
Lanier Elementary School	5 years	Louisiana Department of Education
Dalton Elementary School	5 years	Louisiana Department of Education
Glen Oaks Middle School	4 years	Louisiana Department of Education

The mission of RSL is to provide schools where at-risk students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities.

Principles of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization 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 reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Funding

RSL receives its primary funding from the State of Louisiana's Minimum Foundation Program, pass-through awards, as well as other direct funding from the Federal Emergency Management Agency.

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) Year Ended June 30, 2023

Property and Equipment

RSL follows the practice of capitalizing at cost, all property and equipment acquisitions with a unit cost of \$5,000 and over. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. RSL depreciates property and equipment over a five (5) to ten (10) year period.

Donations of property and equipment are recorded as contributions at their fair value at date of donation. Such donations are reported as without donor restriction contribution unless restricted by donor.

Amortization is recorded at rates designed to amortize cost over estimated useful lives.

Property and equipment acquired under grants vest subject to use, management and disposition requirements.

Capital leases and related liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

Use of Restricted Resources

It is the practice of RSL to use restricted resources based on donor restrictions and consistent with its mission. See page 11 for additional discussion with regards to presentation of donor and/or without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and supporting services in the accompanying statement of functional expenses.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Depreciation	Square footage
Other	Time and effort

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) Year Ended June 30, 2023

Statement of Cash Flows

For purposes of the statement of cash flows, RSL considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2022, RSL had no cash equivalents.

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, RSL must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

Presentation of Financial Statements

RSL's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of RSL are classified to present the following based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RSL are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of RSL's. RSL's board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RSL or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to RSL's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be a more unusual or nonrecurring nature.

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) Year Ended June 30, 2023

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by RSL using available market information and appropriate valuation methodologies.

RSL considers the carrying amounts of cash, other and grants receivables, prepaid items, and amounts and other payables to be at fair market.

Budgetary Data

RSL formally adopts a budget. The budgetary data are submitted to the State of Louisiana for approval.

Inter program Activities

All inter program transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other inter program transfers are reported as operating transfers and recognized at the time the underlying event occurs. Inter program activities are netted at the combined financial statements level.

Total Memorandum Only

The total column on the accompanying combining financial statements is captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. The requirements of this statement have been postponed for reporting periods beginning after December 15, 2021. RSL has not assessed the potential impact of this guidance on its financial statements.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance in *Topic 840, Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope*

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) Year Ended June 30, 2023

Improvements for Lessors; ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2020-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments; and ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases.

The Organization adopted the leasing standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022 as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. As of July 1, 2022, adoption of Topic 842 did not result in any material adjustments to statement of financial position accounts related to lessor accounting, but it did result in an increase in operating lease ROU assets of \$51,000, an increase in operating lease liabilities of \$51,000, and an increase in other current and long-term liabilities of \$51,000 related to lessee accounting.

Note 2 -Cash

RSL maintains its bank accounts in one operating account with interfund transactions to account for the cash receipts and disbursements by fund. As of June 30, 2023 the collected bank balance was \$1,418,279 and a book balance of \$1,419,669. The use of interfund accounts must be taken into account when reviewing book balance of cash accounts in determining the cash position of each fund.

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). RSL maintains its cash in bank deposit accounts that at times may exceed federally insured limits. RSL does not have a deposit policy and has not experienced any losses in such accounts. At June 30, 2023, RSL has a total collected bank balance of \$1,168,279 in excess of the FDIC insured limit.

Note 3 - Cash Restricted

At June 30, 2023, restricted cash of \$0 consisted of funds held for student related activity.

Note 4 - Grants Receivable

At June 30, 2023, grants receivable consisted of costs incurred in excess of funds reimbursed for pass-through programs funded by the Departments of Education and Agriculture. A detail by funding source follows:

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) Year Ended June 30, 2023

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Total
U.S. Department of Education	\$ 1,510,126	\$ 1,491,030	\$ 677,500	\$3,678,656
Total grants receivable	<u>\$ 1,510,126</u>	<u>\$ 1,491,030</u>	<u>\$ 677,500</u>	<u>\$3,678,656</u>

Management believes all receivables to be collectible and therefore, no allowance for doubtful accounts is recorded.

Note 5 -Liquidity

RSL's financial assets available within one year of the statement of financial position date for general expenses are as follows:

Cash	1,419,669
Grants receivable	<u>3,678,656</u>
Total financial assets	<u>\$ 5,098,325</u>
Less:	
Accounts payable	428,555
Accrued salaries payable	225,806
Currebnt portion of lease obligation	<u>24,490</u>
Financial assets available to meet expenses over the next twelve months	<u><u>\$ 4,419,474</u></u>

RSL's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the financial position.

As part of RSL's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, RSL invests cash in excess of projected requirements in investments.

Note 6 -Other Receivables

At June 30, 2023 there were no other receivables reported.

Note 7 -Fair Value of Instruments

RSL has a number of financial instruments, none of which is held for trading purposes. RSL estimates that the fair value of all financial instruments at June 30, 2023 does not differ materially

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) Year Ended June 30, 2023

from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by RSL using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and accordingly, the estimates are not necessarily indicative of the amounts that RSL could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued expenses approximate their fair values based on their short-term nature.

Note 8 - Income Taxes

RSL is a non-profit entity under Section 501(c) (3) of the Internal Revenue Code and accordingly, is exempt from federal and state income taxes. However, RSL is subject to income tax on unrelated business taxable income. RSL had no unrelated business income for the year ended June 30, 2023, and no provision for income taxes is included in the accompanying financial statements.

Note 9 - Contingencies and Commitments

RSL is a recipient of funding from the State of Louisiana's Minimum Foundation Program to include other grants received through the State of Louisiana. The funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of RSL and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

Note 10 - Risk Management

RSL is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets for which RSL carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 11 - Concentration of Support Source

RSL receives primarily all of its support from public funds. If the amount of support received should fall below award budgeted levels, RSL's operating results could be adversely affected.

Note 12 - Concentration of Credit Risk

Financial instruments which potentially subject RSL to concentrations of credit risk consist principally of cash. See note 2 for additional discussion.

Note 13 - Per Diem to Board of Directors

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) Year Ended June 30, 2023

During the year ended June 30, 2023, no board member received per diem in his or her capacity as director.

Note 14 -Prepaid Items

At June 30, 2023, prepaid items consisted of the following:

Security deposit	\$ 19,386
Prepaid insurance	112,044
Prepaid supplies and services	<u>77,235</u>
	<u>\$ 208,665</u>

Note 15 -Retirement

Effective January 1, 2015, RSL established an employee 403(b) plan (the Plan). Generally, the Plan is available to employees upon being hired. Full- time certified employees (teachers, principal and curriculum specialists), once enrolled, are eligible to receive 5% of their compensation in the Plan. Currently, unclassified employees of RSL are not eligible to receive benefits from the Plan. For the year ended June 30, 2023, employer contribution expense was \$47,787.

Note 16 -Related Party

There were no related party transactions observed during fiscal year ended June 30, 2023. The agreement with REFONTE expired in fiscal year ended June 30, 2022.

Note 17 -Lease

RSL maintains operating leases for equipment. The operating leases for equipment automatically renew annually, unless RSL opts-out of continuation. Operating lease expense for the year ended June 30, 2023 totaled \$47,787.

Note 18 -Subsequent Events

RSL is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition and/or disclosure in the accompanying financial statements. RSL performed such an evaluation through December 21, 2023, the date on which the accompanying financial statements were available to be issued, and noted no subsequent events or transactions that occurred requiring recognition and/or disclosure.

REDESIGN SCHOOLS OF LOUISIANA

COMBINING STATEMENT OF FINANCIAL POSITION

For The Year Ended June 30, 2023

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Total (Memorandum Only)
Current Assets:				
Cash	562,571	683,311	173,787	\$ 1,419,669
Grants receivable	1,510,126	1,491,030	677,500	3,678,656
Prepaid items	96,686	67,768	44,211	208,665
total current assets	2,169,383	2,242,109	895,498	5,306,990
Operating lease right-of-use asset - building, net	17,054	17,054	17,053	51,161
total assets	2,186,437	2,259,163	912,551	5,358,151
Current Liabilities:				
Accounts payable - vendors	179,772	159,898	88,885	428,555
Accrued salaries payable	91,548	90,144	44,114	225,806
Total current liabilities	271,320	250,042	132,999	654,361
Non-current Liabilities:				
Non-current liabilities	17,054	17,054	17,053	51,161
Total noncurrent liabilities	17,054	17,054	17,053	51,161
Total Liabilities	288,374	267,096	150,052	705,522
Net Assets:				
Without donor restrictions	951,354	998,486	382,423	2,332,263
With donor restrictions	946,709	993,581	380,076	2,320,366
Total net assets	1,898,063	1,992,067	762,499	4,652,629
Total liabilities and net assets	2,186,437	2,259,163	912,551	5,358,151

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS OF LOUISIANA

COMBINING STATEMENT OF FINANCIAL ACTIVITIES
Year Ended June 30, 2023

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
OPERATING REVENUES:						
Local Sources:						
Minimum foundation Program	\$ 1,344,031	\$ 1,378,292	\$ 576,365	\$ -	\$ -	\$ 3,298,688
Total local sources	1,344,031	1,378,292	576,365	-	-	3,298,688
State Sources:						
Minimum foundation Program	1,029,292	876,367	458,850	-	-	2,364,509
Grants without restrictions	-	-	-	-	-	-
Net assets released from donor restrictions	-	-	-	-	-	-
Total state sources	1,029,292	876,367	458,850	-	-	2,364,509
Federal grants	1,975,182	2,046,813	1,800,947	-	-	5,822,942
Other income	-	57,502	-	-	-	57,502
Total operating revenues	4,348,505	4,358,974	2,836,162	-	-	11,543,641
EXPENSES:						
Program services	2,595,734	2,584,521	1,569,433	824,754	(824,754)	6,749,688
Supporting services	933,317	878,317	719,047	328,282	(328,282)	2,530,681
Total expenses	3,529,051	3,462,838	2,288,480	1,153,036	(1,153,036)	9,280,369
Change in net assets from operating activities	819,454	896,136	547,682	(1,153,036)	1,153,036	2,263,272
NON-OPERATING REVENUES:						
Support from other programs	-	-	-	-	-	-
Other income	(3,450)	-	-	-	-	(3,450)
Change in net assets from non-operating activities	(3,450)	-	-	-	-	(3,450)
Change in net assets from operating and non-operating activities	816,004	896,136	547,682	(1,153,036)	1,153,036	2,259,822
Net assets July 1, 2022	1,114,869	1,052,322	225,616	(1,425,492)	1,425,492	2,392,807
Net assets June 30, 2023	\$ 1,930,873	\$ 1,948,458	\$ 773,298	\$ (2,578,528)	\$ 2,578,528	\$ 4,652,629

See Independent Auditor's Report on Supplementary Information.

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES (Combining) For the Year Ended June 30, 2023

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
Program Services:						
Salaries	1,291,110	1,311,027	685,742	713,248	(713,248)	3,287,879
Employee benefits	159,204	161,660	84,557	59,126	(59,126)	405,421
Payroll taxes	113,275	115,023	60,164	52,380	(52,380)	288,462
Communications	32,358	35,084	21,032	-	-	88,474
Professional services	163,462	117,248	134,547	-	-	415,257
Management fees	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-
Food services management	172,644	171,062	79,748	-	-	423,454
Repairs and maintenance	22,661	25,080	34,258	-	-	81,999
Utilities	88,652	57,562	57,552	-	-	203,766
Lawn care	17,309	21,059	20,132	-	-	58,500
Indirect cost	-	-	-	-	-	-
Student transportation	313,080	295,631	223,150	-	-	831,861
Purchased services	-	-	-	-	-	-
Materials and supplies	70,013	58,290	48,178	-	-	176,481
Technology related supplies	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Curriculum	4,544	4,134	1,706	-	-	10,384
Educational services	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
Dues and fees	-	-	-	-	-	-
Professional development	126,323	194,283	104,342	-	-	424,948
Other	9,307	9,370	6,717	-	-	25,394
Disposal services	11,792	8,008	7,608	-	-	27,408
Total program expenses	<u>2,595,734</u>	<u>2,584,521</u>	<u>1,569,433</u>	<u>824,754</u>	<u>(824,754)</u>	<u>6,749,688</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES (Combining) For the Year Ended June 30, 2023

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
Supporting services:						
Salaries	130,510	205,894	138,453	-	-	474,857
Employee benefits	16,650	26,267	17,663	-	-	60,580
Payroll taxes	11,847	18,689	12,567	-	-	43,103
Communications	17,388	18,498	27,189	-	-	63,075
Professional services	229,877	217,885	213,655	48,540	(48,540)	661,417
Management fees	360,107	223,202	165,200	202,888	(202,888)	748,509
Legal fees	5,316	5,045	3,900	14,261	(14,261)	14,261
Food services management	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Lawn care	-	-	-	-	-	-
Indirect cost	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Purchased services	61,256	57,446	34,796	-	-	153,498
Materials and supplies	47,705	45,702	31,447	-	-	124,854
Technology related supplies	-	-	-	-	-	-
Insurance	18,957	46,554	55,229	62,593	(62,593)	120,740
Curriculum	-	-	-	-	-	-
Educational services	-	-	-	-	-	-
Equipment rental	19,242	12,426	17,923	-	-	49,591
Dues and fees	8,479	-	-	-	-	8,479
Professional development	-	-	-	-	-	-
Other	5,983	709	1,025	-	-	7,717
Disposal services	-	-	-	-	-	-
Total supporting services	<u>933,317</u>	<u>878,317</u>	<u>719,047</u>	<u>328,282</u>	<u>(328,282)</u>	<u>2,530,681</u>
Total expenses	<u>\$ 3,529,051</u>	<u>\$ 3,462,838</u>	<u>\$ 2,288,480</u>	<u>\$ 1,153,036</u>	<u>\$ (1,153,036)</u>	<u>\$ 9,280,369</u>

See Independent Auditors' Report on Supplementary Information.

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

To the Board of Directors
Redesign Schools of Louisiana
Baton Rouge, Louisiana

We have performed the procedures enumerated below as required by State of Louisiana R.S. 24:514 and listed in the Louisiana Governmental Audit Guide accompanying the annual financial statements of Redesign Schools of Louisiana ("RSL") as of the year ended June 30, 2023.

The procedures were agreed to by management of Redesign Schools of Louisiana the Louisiana Department of Education, and the Legislative Auditor for the State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data 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. RSL's management is responsible for the completeness of the performance and statistical data.

This agreed-upon engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable Standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

The procedure performed, our findings and management's response as applicable related to the accompanying schedules (Schedules 1 and 2), are summarized as follows:

General Fund Instructional and Support Expenditures (Schedule 1)

1. Procedure

We selected a random sample of twenty-five (25) transactions and reviewed supporting documentation to determine if the sampled expenditures are classified

correctly and reported in the proper amounts for each of the following amounts reported on the Schedule:

- o Total General Fund Instructional Expenditures; and
- o Total General Fund Equipment Expenditures

Finding

The results of the procedure performed on the selected instructional and support expenses revealed that the twenty-five (25) sampled transactions were correctly classified and reported.

Class Size Characteristics (Schedule 2)

2. Procedure

We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample ten (10) classes to the October 2, 2023 roll books for those classes and determined if the classes were properly classified on the schedule.

Finding

For the ten (10) classes selected for proper classified on Schedule 2, revealed that the sampled transactions were correctly classified and reported.

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

1. Procedure

We obtained the October 2, 2023 Profile of Educational Personnel (PEP) data submitted to the Department of Education 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 twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's education level and experience were properly classified in the PEP data.

Finding: 2 out of 25 employees had education level reflected on October 2023 PEP and 3 out of 25 employees had education level not accurately reported on the October PEP report.

Response: RSL will implement procedures so that when staff education is changed and updates are made in PowerSchool, we contact Ed Ops and check and balances before reports are submitted.

Public School Staff Data: Average Salaries (No Schedule)

1. Procedure

We obtained the October 2, 2023 PEP data submitted to the Department of Education 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 twenty-five (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 in the PEP data.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

RSL's response to the findings in our agreed-upon procedures is described in this report under the caption "Management's Response." We did not perform any procedures on RSL's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of management, Board of Directors, the Louisiana Department of Education, BESE, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LA Legislative Auditor as a public document.

Bruno & Tervalon LLP

New Orleans, Louisiana
December 21, 2023

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 = PERFORMANCE AND STATISTICAL DATA

REDESIGN SCHOOLS OF LOUISIANA

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES FOR THE YEAR ENDED JUNE 30, 2023

Schedule 1

General Fund Instructional Equipment Expenditures	
General Fund Instructional Expenditures:	
Teacher and Student Interaction Activities:	
Classroom teacher salaries	899,299
Other instructional staff activities	238,511
Purchased professional and technical	207,677
Instructional materials and supplies	162,312
Total teacher and student Interaction Activities	<u>\$ 1,507,799</u>
Pupil Support Activities:	98,807
Less: Equipment for pupil support activities	
Net pupil support activities	<u>98,807</u>
Instructional Staff Services:	169,205
Less: Equipment for instructional staff services	<u>-</u>
Net instructional staff services	<u>\$ 169,205</u>
School Administration	1,510,493
Less: Equipment for school administration	
Net instructional staff services	<u>1,510,493</u>
Total General Fund Instructional Expenditures (total of Column B)	<u>3,286,304</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)	<u><u>-</u></u>

See independent accountants' report on applying agreed-upon procedures.

REDESIGN SCHOOLS OF LOUISIANA

**CLASS SIZE CHARACTERISTICS
AS OF OCTOBER 2, 2023**

Schedule 2

<i>School Type:</i>	Class Size Range							
	1-20		21-26		27-33		34+	
	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Elementary	57%	81	28%	40	11%	16	4%	5
Elementary Activity Classes	57%	13	30%	7	9%	2	4%	1
Middle/Jr. High	58%	24	5%	2	0%	0	37%	15
Middle/ Jr. High	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High Activity Classes	60%	3	0%	0	0%	0	40%	2
High	0%	0	0%	0	20%	0	0%	0
High Activity Classes	0%	0	0%	0	0%	0	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

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 kindergarten through 3 is 26 students and maximum enrollment in grades 4 through 12 is 33 students. These limits do not apply to classes such as physical education, chorus, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See independent accountants' report on applying agreed-upon procedures.

SUPPLEMENTARY INFORMATION

REDESIGN SCHOOLS OF LOUISIANA

SCHEDULE I

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Pass-Through Entity #</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures (\$)</i>
<i>Child Nutrition Cluster-Cluster</i>					
United States Department of Agriculture					
National School Lunch Program					
National School Lunch Program	10.555				\$ 516,467
Total National School Lunch Program				-	516,467
Total United States Department of Agriculture				-	516,467
Total Child Nutrition Cluster-Cluster				-	516,467
<i>Special Education Cluster (IDEA)-Cluster</i>					
Department of Education					
Special Education Grants to States					
Special Education Grants to States	84.027			-	189,110
Total Special Education Grants to States				-	189,110
Total Department of Education				-	189,110
Total Special Education Cluster (IDEA)-Cluster				-	189,110
<i>Other Programs (Treated individually for major program determination)</i>					
Department of Education					
Title I Grants to Local Educational Agencies					
Title I Grants to Local Educational Agencies	84.010	State of Louisiana		-	1,244,011
Total Title I Grants to Local Educational Agencies				-	1,244,011
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)					
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	State of Louisiana		-	73,854
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	73,854
Comprehensive Literacy Development					
Comprehensive Literacy Development	84.371			-	197,605
Total Comprehensive Literacy Development				-	197,605
Student Support and Academic Enrichment Program					
Student Support and Academic Enrichment Program	84.424			-	99,594
Total Student Support and Academic Enrichment Program				-	99,594
Education Stabilization Fund					
Education Stabilization Fund	84.425			-	3,502,301
Total Education Stabilization Fund				-	3,502,301
Total Department of Education				-	5,117,365
Total Other Programs (Treated individually for major program determination)				-	5,117,365
Total Expenditures of Federal Awards				\$ -	\$ 5,822,942

The accompanying notes are an integral part of this schedule

The accompanying notes are an integral part of this schedule.

REDESIGN SCHOOLS OF LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ending June 30, 2023

Note 1 – Basis of Presentation

The accompanying of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Redesign Schools of Louisiana under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements for *Title 2 of U.S. Federal Regulations Part 200, Uniform Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance)*. The amounts presented in or used in the preparation of the financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rule

Redesign Schools of Louisiana has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

REDESIGN SCHOOLS OF LOUISIANA

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2023**

Agency Head: Megan McNamara

Item	Amount
Salary	\$ 181,000
Benefits - 403(b)	8,683
Benefits - Health	4,889
Benefits - Social security	10,189
Benefits - Medicare	2,587
Benefits - Dental/Vision/Life	483
Benefits - Unemployment	195
Car allowance	6,000
	<u>\$ 214,026</u>

See independent auditors' report

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

To the Board of Director of
Redesign Schools of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Redesign Schools of Louisiana (the “RSL”), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 21, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the RSL’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the RSL’s internal control. Accordingly, we do not express an opinion on the effectiveness of the RSL’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the RSL's financial statements are free from 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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items.

Government Auditing Standards requires the auditor to perform limited procedures on the RSL's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The RSL'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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruno & Tervalon LLP

New Orleans, Louisiana
December 21, 2023

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

To the Board of Director of
Redesign Schools of Louisiana
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Redesign of School Louisiana ("RSL") 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 Redesign Schools of Louisiana's major federal programs for the year ended June 30, 2023. RSL's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, RSL 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, 2023.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of RSL 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 RSL'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 RSL'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 RSL'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 RSL'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 RSL'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 RSL'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 RSL'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

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

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 Auditor's 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.

Purpose of this Report

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

Bruno & Tervalon LLP

New Orleans, Louisiana
December 21, 2023

REDESIGN SCHOOLS OF LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements
noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ 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 Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund

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

Auditee qualified as low-risk auditee? X Yes _____ No

No Separate Management Letter was Issued

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of
Redesign Schools Louisiana
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Redesign Schools of Louisiana's (RSL) management is responsible for those C/C areas identified in the SAUPs.

RSL 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 year ended June 30, 2023. 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:

1) Written Policies and Procedures

- A. 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions were noted.
 - ii. ***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.
No exceptions were noted.

- iii. ***Disbursements***, including processing, reviewing, and approving.
No exceptions were noted.
- iv. ***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).
No exceptions were noted.
- v. ***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 rates of pay or approval and maintenance of pay rate schedules.
No exceptions were noted.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions were noted.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions were noted.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).
No exceptions were noted.
- ix. ***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.
No exceptions were noted.

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

This procedure is not applicable to RSL, a nonprofit organization.

- xi. **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.

No exceptions were noted.

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

No exceptions were noted.

2) Board or Finance Committee

- A. 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

- i. 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.

No exceptions were noted.

- ii. 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. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted.

- iii. 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.

No exceptions were noted.

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

No exceptions were noted.

3) Bank Reconciliations

- A. 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:

- i. 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);

No exceptions were noted.

- ii. Bank reconciliations include written evidence that a member of management or a 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

No exceptions were noted.

- iii. 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.

No exceptions were noted.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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

- i. Employees responsible for cash collections do not share cash drawers/registers;
No exceptions were noted.
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
No exceptions were noted.
 - iii. Each employee responsible for collecting cash is not also 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; and
No exceptions were noted.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
No exceptions were noted.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
No exceptions were noted.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
No exceptions were noted.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions were noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions were noted.
- iv. Observe that 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).
No exceptions were noted.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions were noted.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions were noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions were noted.
 - iii. 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;
No exceptions were noted.
 - iv. 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; and
No exceptions were noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were noted.

- C. For each location selected under procedure #5A 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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were noted.

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

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

No exceptions were noted.

- B. 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

- i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions were noted.

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

No exceptions were noted.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were noted.

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

- A. 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 and 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

- i. If reimbursed using a per diem, observe that 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);

No exceptions were noted.

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

No exceptions were noted.

- iii. Observe that 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 Policies and Procedures procedure #1A(vii); and

No exceptions were noted.

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

No exceptions were noted.

8) Contracts

- A. 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. *Alternatively, 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

- i. 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;

No exceptions were noted.

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

No exceptions were noted.

- iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and

No exceptions were noted.

- iv. 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 that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted.

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions were noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions were noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
No exceptions were noted.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions were noted.
- C. 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
No exceptions were noted.
- D. 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.
No exceptions were noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
No exceptions were noted.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
No exceptions were noted.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exceptions were noted.

11) Debt Service

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
This procedure is not applicable to RSL, a nonprofit organization.
- B. 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).
This procedure is not applicable to RSL, a nonprofit organization.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.

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

No exceptions were noted.

13) Information Technology Disaster Recovery/Business Continuity

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

- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

No exceptions were noted.

- ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions were noted.

- iii. 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.

No exceptions were noted.

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

No exceptions were noted.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were noted.

- B. Observe that 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).

No exceptions were noted.

- C. 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 that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions were noted.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions were noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were noted.

- v. Amount of time it took to resolve each complaint.

No exceptions were noted.

We were engaged by the Organization 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 Organization 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.

Bruno & Tervalon LLP

December 21, 2023
New Orleans, Louisiana