

FRIENDS OF KING SCHOOL
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Friends of King School (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 the Friends of King School as of June 30, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, 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 Friends of King School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Friends of King School'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.

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule “1”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the 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 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 supplementary 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 February 28, 2024 on our consideration of the Friends of King School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Friends of King School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in the Friends of King School’s internal control over financial reporting and compliance.

February 28, 2024
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 2,325,218	\$ 1,997,843
Grant receivables	1,816,739	1,912,775
Prepaid expenses	<u>79,663</u>	<u>114,518</u>
Total current assets	<u>4,221,620</u>	<u>4,025,136</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>10,234</u>	<u>1,386</u>
<u>OTHER ASSETS:</u>		
Deposits	<u>-</u>	<u>500</u>
Total other assets	<u>-</u>	<u>500</u>
Total assets	<u>\$ 4,231,854</u>	<u>\$ 4,027,022</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 126,532	\$ 165,603
Accrued expenses	897,684	859,688
Deferred revenue	-	120,554
Student activity funds	<u>183,385</u>	<u>217,617</u>
Total current liabilities	<u>1,207,601</u>	<u>1,363,462</u>
Total liabilities	<u>1,207,601</u>	<u>1,363,462</u>
<u>NET ASSETS:</u>		
Without donor restrictions	2,616,525	2,226,039
With donor restrictions	<u>407,728</u>	<u>437,521</u>
Total net assets	<u>3,024,253</u>	<u>2,663,560</u>
Total liabilities and net assets	<u>\$ 4,231,854</u>	<u>\$ 4,027,022</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 9,789,614	\$ -	\$ 9,789,614
Federal grants	3,805,379	608,035	4,413,414
Other state funds	275,308	-	275,308
Grants and contributions	3,039	-	3,039
Other income	81,999	-	81,999
Forgiveness of debt	-	-	-
Net assets released from restrictions	<u>637,828</u>	<u>(637,828)</u>	<u>-</u>
 Total revenue	 <u>14,593,167</u>	 <u>(29,793)</u>	 <u>14,563,374</u>
<u>EXPENSES:</u>			
Program services			
General instructional	5,534,374	-	5,534,374
General non-instructional	4,132,260	-	4,132,260
Special education	1,043,666	-	1,043,666
Special programs	393,196	-	393,196
Administration	<u>3,099,185</u>	<u>-</u>	<u>3,099,185</u>
 Total expenses	 <u>14,202,681</u>	 <u>-</u>	 <u>14,202,681</u>
 Change in net assets	 390,486	 (29,793)	 360,693
 Net assets, beginning of year	 <u>2,226,039</u>	 <u>437,521</u>	 <u>2,663,560</u>
 Net assets, end of year	 <u>\$ 2,616,525</u>	 <u>\$ 407,728</u>	 <u>\$ 3,024,253</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 7,471,735	\$ -	\$ 7,471,735
Federal grants	2,634,562	676,898	3,311,460
Other state funds	414,277	-	414,277
Grant and contributions	6,721	60,050	66,771
Other income	121,952	-	121,952
Forgiveness of debt	2,012,437	-	2,012,437
Net assets released from restrictions	721,576	(721,576)	-
	13,383,260	15,372	13,398,632
<u>EXPENSES:</u>			
Program services			
General instructional	5,255,402	-	5,255,402
General non-instructional	3,748,870	-	3,748,870
Special education	1,029,215	-	1,029,215
Special programs	432,527	-	432,527
Administration	2,943,752	-	2,943,752
	13,409,766	-	13,409,766
Change in net assets	(26,506)	15,372	(11,134)
Net assets, beginning of year	2,252,545	422,149	2,674,694
Net assets, end of year	\$ 2,226,039	\$ 437,521	\$ 2,663,560

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services		Special	Special	General	Total
	Educational	Non-Instructional	Education	Program	Administration	
Salaries	\$ 3,861,121	\$ 1,766,107	\$ 652,276	\$ 306,731	\$ 1,855,385	\$ 8,441,620
Employee benefits	246,209	194,503	85,587	32,874	124,853	684,026
Retirement	181,321	85,276	33,976	14,520	97,859	412,952
Payroll Taxes	300,571	121,784	48,759	22,988	140,982	635,084
Purchased educational services	54,300	-	109,698	-	-	163,998
Other purchased professional services	87,481	1,970	11,340	-	81,805	182,596
Purchased technical services	-	83,780	-	-	85,508	169,288
Utilities	-	432,300	-	-	-	432,300
Repairs and maintenance	630	451,324	183	-	10,033	462,170
Rentals	9,687	81	1,168	-	8,963	19,899
Student transportation	-	624,587	81,837	-	-	706,424
Insurance	-	-	-	-	182,651	182,651
Communications	32,139	-	-	-	126,803	158,942
Advertising, printing, and binding	138	-	-	-	113,611	113,749
Tuition	56,387	-	-	-	-	56,387
Food service	-	204,184	-	-	-	204,184
Travel	45,058	12,965	5,523	-	22,753	86,299
Materials and supplies	577,813	148,301	13,319	16,083	37,059	792,575
Dues and fees	14,398	2,355	-	-	193,382	210,135
Miscellaneous	67,121	2,743	-	-	12,742	82,606
Depreciation	-	-	-	-	4,796	4,796
	<u>\$ 5,534,374</u>	<u>\$ 4,132,260</u>	<u>\$ 1,043,666</u>	<u>\$ 393,196</u>	<u>\$ 3,099,185</u>	<u>\$ 14,202,681</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services		Special	Special	General	Total
	Instructional	Non-Instructional	Education	Program	Administration	
Salaries	\$ 3,958,302	\$ 1,673,187	\$ 724,811	\$ 350,988	\$ 1,728,542	\$ 8,435,830
Employee benefits	290,438	211,067	77,001	35,746	111,163	725,415
Retirement	191,747	81,187	32,885	16,537	89,941	412,297
Payroll Taxes	309,879	119,711	55,789	26,944	131,445	643,768
Purchased educational services	56,600	-	83,112	-	-	139,712
Other purchased professional services	63,440	1,860	35,187	-	79,363	179,850
Purchased technical services	-	91,562	-	-	86,106	177,668
Utilities	-	389,001	-	-	-	389,001
Repairs and maintenance	-	317,894	45	-	7,908	325,847
Rentals	9,412	-	1,168	-	8,330	18,910
Student transportation	1,871	483,626	8,126	-	-	493,623
Insurance	-	-	-	-	167,010	167,010
Communications	33,947	827	-	-	148,359	183,133
Advertising, printing, and binding	-	-	-	-	105,057	105,057
Tuition	11,700	-	-	-	-	11,700
Food service	-	232,965	-	-	-	232,965
Travel	27,181	12,203	6,312	-	31,897	77,593
Materials and supplies	212,432	129,866	4,779	2,312	70,434	419,823
Dues and fees	-	225	-	-	152,061	152,286
Miscellaneous	88,453	3,689	-	-	16,688	108,830
Depreciation	-	-	-	-	9,448	9,448
	<u>\$ 5,255,402</u>	<u>\$ 3,748,870</u>	<u>\$ 1,029,215</u>	<u>\$ 432,527</u>	<u>\$ 2,943,752</u>	<u>\$ 13,409,766</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 360,693	\$ (11,134)
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	4,796	9,448
Forgiveness of PPP loan	-	(2,012,437)
(Increase) decrease in:		
Grant receivables	96,036	(1,186,841)
Prepaid expenses	34,855	(102,986)
Deposits	500	800
Increase (decrease) in:		
Accounts payable	(39,071)	3,887
Accrued expenses	37,996	30,334
Deferred revenue	(120,554)	120,554
Student activity funds	<u>(34,232)</u>	<u>(6,111)</u>
 Net cash from (used for) operating activities	 <u>341,019</u>	 <u>(3,154,486)</u>
 <u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(13,644)</u>	<u>-</u>
 Net cash (used for) investing activities	 <u>(13,644)</u>	 <u>-</u>
 Net increase (decrease) in cash and cash equivalents	 327,375	 (3,154,486)
Cash and cash equivalents, beginning of year	<u>1,997,843</u>	<u>5,152,329</u>
Cash and cash equivalents, end of year	<u>\$ 2,325,218</u>	<u>\$ 1,997,843</u>

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Friends of King School (the School) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2005 to operate as a Type 5 charter school d/b/a Dr. Martin Luther King, Jr. Charter School for Science and Technology (the MLK School). The School serves eligible pre-kindergarten through high school students to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting; where students are taught to read, write, compute, and think critically according to their fullest potential. On January 20, 2015, the Orleans Parish School Board (OPSB) accepted the transfer of MLK school from the BESE as a Type 3B charter school for a seven-year agreement. The current charter was approved for a renewal term of an additional three years expiring on June 30, 2025.

Basis of Accounting and Financial Reporting Framework

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

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the School is required to report information regarding its financial position and activities according to two classes of net assets:

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 School. The School's board may designate assets without restrictions for specific operational purposes from time to time.

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 School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the School considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received specifying the use of the contribution.

Receivables

Grants, notes, and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2023 and 2022, no allowance is recorded as management considers all receivables to be fully collectible

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. The School maintains a capitalization threshold of \$5,000. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Equipment	3-5 years
Vehicles	5 years

Assets acquired with OPSB funds are owned by the School while used in the purpose for which it was purchased. The OPSB however, has a reversionary interest in these assets. Should a charter not be renewed, title in any assets purchased with these funds will revert to the appropriate agency.

Compensated Absences

All ten-month employees accrue ten days of sick leave each year. All twelve-month employees accrue twelve days of sick leave and ten days of vacation pay. Any unused vacation days are paid in the subsequent year by December 31st. Upon termination, the School compensates employees for unused sick days not to exceed the days stipulated by the School's policies which range from 15 to 30 days depending on position. As of June 30, 2023 and 2022, the School had \$65,465 and \$71,368 respectively, of accumulated unpaid leave.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The School reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when otherwise earned under the terms of the grants.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Leases

The School applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The School defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

The School also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether the School can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The School is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The School generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

The School determines the incremental borrowing rate of each lease by estimating the credit rating of the School at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

Functional Expenses

The cost of program and supporting services has been summarized on a functional basis in the statements of activities. This requires the allocation of certain costs based on total program costs and estimates made by management. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries and employee benefits have been allocated based on time and effort. All other allocated expenses have been allocated based on actual expenses incurred.

Income Tax Status

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2023 and 2022, the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2020 and later remain subject to examination by the taxing authorities.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also 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 Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The adoption of these Updates did not have a material impact on the School's financial statements.

Date of Management Review

Subsequent events have been evaluated through February 28, 2024, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the School's financial assets as of June 30, 2023 and 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include contractual restrictions. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2023	2022
Financial assets at year-end	\$ 4,141,957	\$ 3,910,618
Less those unavailable for general expenditure within one year due to contractual restrictions	(273,044)	(273,044)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,868,913	\$ 3,637,574

The School's objective is to maintain liquid assets without donor restrictions sufficient to cover 60 days of program expenditures. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(3) GRANTS RECEIVABLES

Grants receivable consists of the following at June 30th:

	<u>2023</u>	<u>2022</u>
Due from State of Louisiana	\$ 1,816,739	\$ 1,912,775
	<u>\$ 1,816,739</u>	<u>\$ 1,912,775</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30th:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 163,838	\$ 150,193
Vehicles	<u>22,841</u>	<u>22,841</u>
	186,679	173,034
Less accumulated depreciation	<u>(176,445)</u>	<u>(171,648)</u>
Total	<u>\$ 10,234</u>	<u>\$ 1,386</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$4,796 and \$9,448, respectively.

(5) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30th.

	<u>2023</u>	<u>2022</u>
Food service	\$ 62,721	\$ 96,602
Career development	52,807	28,810
Education excellence fund	-	10,171
OPSB	273,044	273,044
Criminal Justice Academy	14,106	23,844
Special Olympics LA-SPED	<u>5,050</u>	<u>5,050</u>
Net assets with donor restrictions	<u>\$ 407,728</u>	<u>\$ 437,521</u>

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(5) RESTRICTIONS ON NET ASSETS (CONTINUED)

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30th:

	2023	2022
Food service	\$ 610,344	\$ 638,902
Career development	7,575	6,492
Education excellence fund	10,171	45,026
Criminal Justice Academy	9,738	31,156
Net assets released from restrictions	\$ 637,828	\$ 721,576

(6) RETIREMENT PLAN

The School has a 403(b) deferred compensation plan covering substantially all employees. Covered employees may elect to contribute a portion of their salaries as allowable. The School may elect to make discretionary contributions to the plan each year. The School's contributions were \$412,952 and \$412,297 for the years ended June 30, 2023 and 2022, respectively.

(7) CONCENTRATIONS OF CREDIT RISK

The School maintains cash in bank accounts in excess of insured limits periodically. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of the School's cash is maintained in collateralized bank accounts.

(8) LEASE COMMITMENTS

As of July 1, 2021, the School entered into an agreement with the Orleans Parish School Board (OPSB) which allows the School to use the facilities and its contents located at 1617 Fats Domino Avenue, New Orleans, Louisiana. The lease is designated for their elementary school and is scheduled to expire on June 30, 2022. The lease has been renewed for an additional 3 years ending on June 30, 2025.

As of July 1, 2021, the School entered into an agreement with the Orleans Parish School Board (OPSB) which allows the School to use the facilities and its contents located at 5300 Law Street, New Orleans, Louisiana. The lease is designated for their high school and is scheduled to expire on June 30, 2022. The lease has been renewed for an additional 3 years ending on June 30, 2025.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(8) LEASE COMMITMENTS (CONTINUED)

All of the aforementioned lease leases call for payments based on the Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

The School entered into an operating lease agreement on October 7, 2020 for various pieces of technology equipment. Under the terms of the agreement, the lease will expire on September 7, 2024 and requires monthly payments of \$1,576. The total rental fee for the year ended June 30, 2023 and 2022 was \$19,899 and \$18,910, respectively.

The following schedule provides the annual payments due for subsequent years.

2024	\$	18,912
2025		<u>4,728</u>
	\$	<u>23,640</u>

(9) GRANT PROGRAM CONTINGENCIES

The School participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2023 and 2022 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the School.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(10) ECONOMIC DEPENDENCY

The School receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2023 and 2022 totaled \$9,789,614 and \$7,471,735, respectively. Funding was received from various federal grants passed through the State of Louisiana totaling \$4,413,414 and \$3,311,460 for the years ended June 30, 2023 and 2022. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the School receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds the School will receive in fiscal year 2024 relating to its grant awards

(11) RISK MANAGEMENT

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the year ended June 30, 2023 and 2022.

(12) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-13, "*Financial Instruments-Credit Losses*." The main objective of this Update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this Update are effective for fiscal years beginning after December 15, 2022, and interim periods within that fiscal year. The School plans to adopt this Update as applicable by the effective date.

SUPPLEMENTARY INFORMATION

THE FRIENDS OF KING SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Velta Simms, CEO</u>	
Time served	07/01/22 through 06/30/23	
Salary	\$	161,672
Benefits-Social Security and Medicare, SUI		11,951
Benefits-other (Vacation)		6,239
Benefits-other (Insurance)		534
PIP		2,505
Per diem		226
Stipend		1,000
		<hr/>
Total compensation, benefits, and other payments	\$	<u>184,127</u>

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

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

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Friends of King School (a non-profit corporation), 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 financial statements, and have issued our report thereon dated February 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Friends of King School'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 the Friends of King School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Friends of King School's internal control.

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

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



To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Friends of King School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an 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 2023-001.

The Friends of King School’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Friends of King School’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Friends of King School’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 Friends of King School’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Friends of King School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

February 28, 2024
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Friends of King School's 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 Friends of King School's major federal programs for the year ended June 30, 2023. Friends of King School'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 Friends of King School 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 the Friends of King School 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 Friends of King School'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 Friends of King School's federal programs.



To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Auditor's 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 Friends of King School'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 Friends of King School'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 Friends of King School'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 Friends of King School'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 Friends of King School'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.



To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

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.

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

February 28, 2024
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

THE FRIENDS OF KING SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 536,761
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 133,064
COVID-19 Individuals with Disabilities Education Act/American Rescue Plan Act of 2021	84.027X	19,678
COVID-19 Individuals with Disabilities Education Act/American Rescue Plan Act of 2021	84.173X	3,811
Special Education - Preschool Grants	84.173	<u>6,241</u>
Total Special Education Cluster		162,794
Career and Technical Education - Basic Grants to States	84.048	10,450
Improving Teacher Quality State Grants	84.367	116,313
Student Support and Academic Enrichment Program	84.424	35,823
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	1,140,002
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	1,497,166
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425W	<u>2,553</u>
Total Education Stabilization Fund		<u>2,630,811</u>
Total U.S. Department of Education		<u>3,501,952</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	111,907
National School Lunch Program	10.555	<u>452,363</u>
Total Child Nutrition Cluster		<u>564,270</u>
Total U.S. Department of Agriculture		<u>564,270</u>
<u>U.S. Department of Health and Human Services</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	<u>28,842</u>
Total U.S. Department of Health and Human Services		<u>28,842</u>
<u>Federal Communications Commission</u>		
Emergency Connectivity Fund Program	32.009	<u>318,350</u>
Total Federal Communications Commission		<u>318,350</u>
Total expenditures of federal awards		<u>\$ 4,413,414</u>

(See Independent Auditors' Report)

THE FRIENDS OF KING SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Friends of King School under programs of the federal government for the year ended June 30, 2023. The information in the 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 Friends of King School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Friends of King School.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2023.

Non-Cash Assistance

Nonmonetary assistance in the amount of \$37,185 is reported in the schedule of expenditures of federal awards as AL No. 10.555 at the fair market value of the commodities received and disbursed.

(3) INDIRECT COST RATE

Friends of King School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

THE FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of The Friends of King School.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. An instance of noncompliance was reported in the 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*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for The Friends of King School expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were the Education Stabilization Fund (AL Nos. 84.425D, 84.425U and 84.425W).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Friends of King School was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2023.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2023-001 Noncompliance with Reporting Requirements

Criteria: The School is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end in accordance with Louisiana Revised Statutes 24:513 and 24.514.

Condition: The School failed to comply with these laws, submitting the required reports after the required deadline.

Effect: The School is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Cause: Persistent health/medical issues of the School's Chief Financial Officer delayed the School's ability to provide the auditor information in a timely manner.

Recommendation: The School should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: Management agrees with the finding and has implemented the recommendation. See Management's Corrective Action plan for further information.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings related to major federal awards programs for the year ended June 30, 2023.

THE FRIENDS OF KING SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Not applicable

II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

Not applicable

III. MANAGEMENT LETTER

Not applicable

THE FRIENDS OF KING SCHOOL
MANAGEMENT'S CORRECTIVE ACTION PLAN - FINDINGS
JUNE 30, 2023

February 28, 2024

Louisiana Legislative Auditor

The Friends of King School (the School) respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal Street
New Orleans, LA 70119

Audit Period: July 1, 2022 – June 30, 2023

The finding from the June 30, 2023, schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding 2023-001 Noncompliance with Reporting Requirements

Recommendation: The School should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Response: The school will establish a policy that mandates early planning. The plan will break down the audit in phases with specific timelines for completion. The planning will also address the training of other staff members in administration on audit requirements and the role they will have in the audit process. Additionally, during the planning process, we will develop a clear escalation plan for any unexpected delays or issues to ensure a timely submission.

If there are any questions regarding this plan, please contact Rodney Lilley at (504) 940-2243.

Sincerely,



Signature



Title

**SCHEDULES REQUIRED BY STATE LAW
(PERFORMANCE STATISTICAL DATA)**

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

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Friends of King School for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the Friends of King School is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - 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.

Exceptions: No exceptions were found as a result of applying the procedure.



To the Board of Directors
The Friends of King School

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 roll books for those classes and observed that the class was properly classified on the schedule.

Exceptions: Three of the classes selected did not agree to the October 1 roll books.

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

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and 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.

Exceptions: No exceptions were found as a result of applying the procedure.

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).

Exceptions: No exceptions were found as a result of applying the procedure.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
The Friends of King School

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

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

This report is intended solely to describe the scope and results of testing performed on the performance and statistical data accompanying the annual financial statements of the Friends of King School, as required by Louisiana Revised Statute 24:514.I, and for the information and use of the Friends of King School, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

February 28, 2024
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

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

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	<u>Column A</u>	<u>Column B</u>
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 2,495,356	
Other instructional staff salaries	489,531	
Instructional staff employee benefits	667,460	
Purchased professional and technical services	44,544	
Instructional materials and supplies	16,374	
Instructional equipment	-	
Total teacher and students interaction activities		\$ 3,713,265
Other instructional activities		22,548
Pupil support services	333,082	
Less: Equipment for pupil support services	-	
Net pupil support services		333,082
Instructional staff services	593,021	
Less: Equipment for instructional staff services	-	
Net instructional staff services		593,021
School administration	2,171,589	
Less: equipment for school administration	(13,644)	
Net school administration		2,157,945
Total general fund instructional expenditures (total of column B)		\$ 6,819,861
Total General fund equipment expenditures		\$ 13,644
 <u>CERTAIN LOCAL REVENUE SOURCES</u>		
Total local taxation revenue		\$ -
Total local earnings on investment in real property		\$ -
Total state revenue in lieu of taxes		\$ -
Nonpublic textbook revenue		\$ -
Nonpublic transportation revenue		\$ -

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

THE FRIENDS OF KING SCHOOL
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2022
AS OF OCTOBER 1, 2022

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	5.6%	16	18.0%	51	12.3%	35	-	-
Elementary/Activity Classes	-	-	2	6	1	2	0.7%	2
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	52.1%	148	1.4%	4	0.7%	2	-	-
High Activity Classes	6.0%	17	-	-	0.4%	1	-	-
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.

FRIENDS OF KING SCHOOL
CORRECTIVE ACTION PLAN – BESE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2023

February 28, 2024

Louisiana Legislative Auditor

Friends of King School respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-UpOn Procedures Engagement prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Engagement Period: July 1, 2022 – June 30, 2023

The exceptions from the Agreed-UpOn Procedures Report are discussed below:

Class Size Characteristics (Schedule 2)

Exceptions: Three of the classes selected for testing were reported incorrectly.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please call Rodney Lilley at (504) 940-2243.

Sincerely,



Signature

CEO

Title

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
FRIENDS OF KING SCHOOL
NEW ORLEANS, LOUISIANA
FOR THE FISCAL PERIOD
JULY 1, 2022 THROUGH JUNE 30, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Governance of
Friends of King School
New Orleans, Louisiana

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

Friends of King School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through 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 attached in Schedule "1."

We were engaged by Friends of King School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

February 28, 2024
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES
JULY 1, 2022 TO JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES

- 1) **Procedure:** 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.
 - 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.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - 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).
 - 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 rates of pay or approval and maintenance of pay rate schedules.
 - 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.
 - g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - h) ***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).
 - 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.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- 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.
- l) ***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.

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

BOARD OR FINANCE COMMITTEE

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

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

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

BANK RECONCILIATIONS

- 3) **Procedure:** 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);
 - b) Bank reconciliations include written 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
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

- 4) **Procedure:** 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):
- 5) **Procedure:** 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 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:
- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) 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.
 - c) 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

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFER) (CONTINUED)

- 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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6) **Procedure:** 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.
- 7) **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3 (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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

- 8) **Procedure:** 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):

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)

- 9) **Procedure:** For each location selected under procedure #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, then 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 or making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) 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.
- 10) **Procedure:** For each location selected under procedure #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, 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
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable
- 11) **Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

- 12) **Procedure:** 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.
- 13) **Procedure:** 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 (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
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 14) **Procedure:** Using the monthly statements or combined statements selected under procedure #13 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.

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

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

- 15) **Procedure:** 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:
- a) 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).

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS) (CONTINUED)

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- c) 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 #1g; and
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

CONTRACTS

16) **Procedure:** 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:

- 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;
- 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);
- c) 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
- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

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

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

PAYROLL AND PERSONNEL

- 17) **Procedure:** 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.
- 18) **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials,
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records, and
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- 19) **Procedure:** 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.
- 20) **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

ETHICS

- 21) **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and
- a) 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

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

ETHICS (CONTINUED)

b) 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.

22) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: Three of the five employees selected for testing did not have documentation of one hour of ethics training during the fiscal period.

DEBT SERVICE

23) **Procedure:** 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.

24) **Procedure:** 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).

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

FRAUD NOTICE

25) **Procedure:** 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.

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

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

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

INFORMATION TECHNOLOGY DISASTER RECOVERY/ BUSINESS CONTINUITY

27) **Procedure:** Perform the following procedures:

- a) 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.
- b) 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.
- 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.

28) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

PREVENTION OF SEXUAL HARASSMENT

29) **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.

30) **Procedure:** 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).

31) **Procedure:** 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.

- 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;

FRIENDS OF KING SCHOOL
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 TO JUNE 30, 2023

- 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.

Results: Not applicable to the Organization as it is a non-profit charter school.

FRIENDS OF KING SCHOOL
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2023

February 28, 2024

Louisiana Legislative Auditor

Friends of King School respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures Engagement prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Engagement Period: July 1, 2022 – June 30, 2023

The exceptions from the Statewide Agreed-Upon Procedures Report are discussed below:

Ethics

Exceptions: Three of the five employees selected did not have documentation of one hour of ethics training during the fiscal period.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please call Rodney Lilley at (504) 940-2243.

Sincerely,



Signature



Title