

**GRAMBLING HIGH FOUNDATION, INC. d/b/a
LINCOLN PREPARATORY SCHOOL
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 & 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grambling High Foundation, Inc. d/b/a
Lincoln Preparatory School
Grambling, LA

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of Grambling High Foundation, Inc. (a nonprofit organization) d/b/a Lincoln Preparatory School (hereafter Lincoln Preparatory School), 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 present fairly, in all material respects, the financial position of Lincoln Preparatory School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Lincoln Preparatory School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Lincoln Preparatory School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Lincoln Preparatory 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 Lincoln Preparatory 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying Performance and Statistical Data Agreed Upon Procedures, the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, and the Statewide Agreed Upon Procedures are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accounts' Report on

Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of Lincoln Preparatory 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 Lincoln Preparatory School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln Preparatory School's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Daigrepoint & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepoint & Brian, APAC
Baton Rouge, LA
December 6, 2023

LINCOLN PREPARATORY SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash, unrestricted	\$ 77,324	\$ 762,825
Grants receivable, net	723,436	488,081
ERC receivable	2,173,065	-
Other current assets	16,804	36,986
Restricted cash, current	367,761	17,245,524
Total Current Assets	<u>3,358,390</u>	<u>18,533,416</u>
Property and Equipment		
Equipment	981,775	244,873
Buildings	32,149,613	-
Improvements	139,314	238,347
	<u>33,270,702</u>	<u>483,220</u>
Accumulated depreciation	(551,177)	(283,240)
Total Property and Equipment	<u>32,719,525</u>	<u>199,980</u>
Land	413,071	338,071
Construction in progress	5,294,674	15,354,507
Net Property and Equipment	<u>38,427,270</u>	<u>15,892,558</u>
Other Assets		
Certificates of deposit	153,889	153,889
Financing ROU asset	853,669	-
Restricted cash, noncurrent	12,917,477	1,911,756
Total Other Assets	<u>13,925,035</u>	<u>2,065,645</u>
Total Assets	<u><u>\$ 55,710,695</u></u>	<u><u>\$ 36,491,619</u></u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 2,067,786	\$ 1,637,596
Accrued payroll liabilities	405,836	386,090
Accrued retirement	461,920	228,338
Accrued interest payable	207,635	128,650
Lines of credit	380,618	285,618
Bonds payable, current portion	195,000	-
Financing lease liability, current portion	290,067	-
Total Current Liabilities	<u>4,008,862</u>	<u>2,666,292</u>
Long Term Liabilities		
Bonds payable, net of current portion	45,198,947	30,997,215
Financing lease liability, net of current portion	638,510	-
Total Long Term Liabilities	<u>45,837,457</u>	<u>30,997,215</u>
Total Liabilities	49,846,319	33,663,507
Net Assets		
Without donor restrictions	5,799,242	2,789,943
With donor restrictions	65,134	38,169
Total Net Assets	<u>5,864,376</u>	<u>2,828,112</u>
Total Liabilities and Net Assets	<u>\$ 55,710,695</u>	<u>\$ 36,491,619</u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 9,646,978	\$ -	\$ 9,646,978
Federal grants	2,737,328	-	2,737,328
State grants	27,465	-	27,465
Student activities	135,405	-	135,405
Private grants and contributions	2,814	53,200	56,014
Interest income	687,351	-	687,351
ERC revenue	2,297,547	-	2,297,547
Other income	130,855	-	130,855
Changes in net asset restrictions:			
Released from restrictions	26,235	(26,235)	-
Total Revenues	<u>15,691,978</u>	<u>26,965</u>	<u>15,718,943</u>
EXPENSES			
Program services	11,408,335	-	11,408,335
Management and general	1,274,344	-	1,274,344
Total Expenses	<u>12,682,679</u>	<u>-</u>	<u>12,682,679</u>
CHANGE IN NET ASSETS	<u>3,009,299</u>	<u>26,965</u>	<u>3,036,264</u>
Net assets - beginning of year	<u>2,789,943</u>	<u>38,169</u>	<u>2,828,112</u>
Net assets - end of year	<u>\$ 5,799,242</u>	<u>\$ 65,134</u>	<u>\$ 5,864,376</u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 8,722,744	\$ -	\$ 8,722,744
Federal grants	2,925,225	-	2,925,225
State grants	13,127	-	13,127
Student activities	114,540	-	114,540
Private grants and contributions	-	50,000	50,000
Other income	97,664	-	97,664
Changes in net asset restrictions:			
Released from restrictions	11,831	(11,831)	-
Total Revenues	<u>11,885,131</u>	<u>38,169</u>	<u>11,923,300</u>
EXPENSES			
Program services	9,398,269	-	9,398,269
Management and general	1,142,421	-	1,142,421
Total Expenses	<u>10,540,690</u>	<u>-</u>	<u>10,540,690</u>
CHANGE IN NET ASSETS	1,344,441	38,169	1,382,610
Net assets - beginning of year	1,445,502	-	1,445,502
Net assets - end of year	<u>\$ 2,789,943</u>	<u>\$ 38,169</u>	<u>\$ 2,828,112</u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Management & General	Total
Athletic expense	\$ 179,561	\$ -	\$ 179,561
Curriculum and assessment	664,258	-	664,258
Depreciation expense	450,638	112,659	563,297
Employee benefits	1,641,194	122,418	1,763,612
Food service	589,701	-	589,701
Insurance	84,886	84,885	169,771
Interest	192,283	192,282	384,565
Loss on disposal	66,173	22,057	88,230
Other	19,242	15,688	34,930
Payroll taxes	113,588	8,250	121,838
Professional development	80,604	16,185	96,789
Rent	488,103	48,430	536,533
Repairs & maintenance	74,226	21,262	95,488
Salaries & wages	5,339,897	420,267	5,760,164
Student tuition	697,632	-	697,632
Supplies	124,769	36,355	161,124
Technical & professional services	213,029	130,287	343,316
Transportation	133,203	-	133,203
Travel	56,509	9,972	66,481
Utilities	198,839	33,347	232,186
	<u>\$ 11,408,335</u>	<u>\$ 1,274,344</u>	<u>\$ 12,682,679</u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Athletic expense	\$ 121,562	\$ -	\$ 121,562
Curriculum and assessment	517,731	-	517,731
Depreciation expense	20,118	5,030	25,148
Employee benefits	1,399,787	128,363	1,528,150
Food service	640,954	-	640,954
Insurance	60,896	38,563	99,459
Interest	6,661	6,660	13,321
Other	6,793	7,771	14,564
Payroll taxes	89,189	7,151	96,340
Professional development	33,150	9,713	42,863
Rent	1,131,452	234,798	1,366,250
Repairs & maintenance	54,150	9,617	63,767
Salaries & wages	4,331,631	544,026	4,875,657
Student tuition	492,335	-	492,335
Supplies	88,427	6,124	94,551
Technical & professional services	191,078	94,502	285,580
Transportation	111,634	-	111,634
Travel	36,470	34,040	70,510
Utilities	64,251	16,063	80,314
	<u>\$ 9,398,269</u>	<u>\$ 1,142,421</u>	<u>\$ 10,540,690</u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Changes in net assets	\$ 3,036,264	\$ 1,382,610
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>		
Depreciation	563,297	25,148
Loss on disposal	88,230	-
Net amortization of bond premium and discounts	44,080	8,182
Decrease (Increase) in grants receivable, net	(235,355)	69,839
Decrease (Increase) in ERC receivable, net	(2,173,065)	-
Decrease (Increase) in other assets	20,182	45,091
Increase (Decrease) in accounts payable	430,190	1,562,051
Increase in accrued payroll liabilities	19,746	89,757
Increase in accrued interest	78,985	-
Increase in accrued retirement	233,582	65,615
Total adjustments	(930,128)	1,865,683
Net cash provided by operating activities	2,106,136	3,248,293
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for property & equipment	(22,993,118)	(13,216,673)
Property & equipment disposal	91,436	-
Net cash used in investing activities	(22,901,682)	(13,216,673)
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on lines of credit	95,000	285,618
Principal payments on financing lease liability	(209,649)	-
Bond proceeds, net	14,352,652	-
Net cash provided by financing activities	14,238,003	285,618
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(6,557,543)	(9,682,762)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	19,920,105	29,602,867
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 13,362,562	\$ 19,920,105
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	\$ 77,324	\$ 762,825
Restricted cash, current	367,761	17,245,524
Restricted cash, noncurrent	12,917,477	1,911,756
	\$ 13,362,562	\$ 19,920,105
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest during the year	\$ 2,559,007	\$ 1,552,974
See accompanying notes and independent auditors' report.		

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

1. Summary of Significant Accounting Policies

(a) Organization

Lincoln Preparatory School (the School) was approved on July 1, 2016 as a Type 2 charter school by the Louisiana Board of Elementary and Secondary Education (BESE). The School is operated and governed by Grambling High Foundation, Inc. which is a 501(c)(3) organization. As of the 2018-2019 school year the School served children in Kindergarten through 12th grade. The School operates under a charter in Lincoln Parish that expired June 30, 2020. The charter with the BESE was renewed on July 1, 2020 for an additional four years.

(b) Basis of Accounting

The financial statements of the School have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the School to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions. During the year ended June 30, 2023 and 2022 the School received contributions and private grants with donor restrictions of \$53,200 and \$50,000, respectively and spent \$26,235 and \$11,831, respectively for the various contributions and private grants intended purposes. There are net assets with donor restrictions of \$65,134 and \$38,169 as of June 30, 2023 and 2022, respectively. The remaining restrictions will be satisfied as cost are incurred in fulfillment of the donors' stipulations.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP). The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The allocation calculation is primarily based on the student enrollment at the School and is recognized monthly when received.

Federal and state funds are passed through the Louisiana Department of Education. The School's federal grant funding is on a cost reimbursement basis and is recognized as earned once the expenditures have been incurred, at which time all performance obligations have also been satisfied.

The School also receives revenue in the form of student and athletic activities revenues. These revenues are collected from students who participate in social events and after school clubs. Additional revenue is received from patrons attending school sponsored sporting events. These funds are used to help cover the cost of hosting these events and provide compensation for teachers, chaperons, referees, or other personnel required to officiate or supervise these activities.

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

1. Summary of Significant Accounting Policies (continued)

(c) Revenues (continued)

The School receives private funding in the form of contributions from various individuals and entities. Contributions are recognized when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The School does not have any activity that would give rise to variable consideration.

(d) Cash

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes.

(e) Restricted cash

Restricted cash balances consist of amounts credited to the School's bank accounts in compliance with bond terms and covenants. There were net restricted cash balances at June 30, 2023 and 2022 of \$13,285,238 and \$19,157,280, respectively and is discussed in the debt footnote below.

(f) Accounts Receivable

Accounts receivable represent amounts due under federal and state grant programs and, at times, contributions. The grant programs are reimbursable in nature and revenue is recognized as a receivable once the expenditures are incurred. Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received.

(g) Functional Expenses

The School allocates its expenses on a functional basis between program service or general and administrative. Expenses that can be identified with the school curriculum are allocated directly according to their natural expense classification. Other expenses are allocated between program service and general and administrative based on management's estimate of time, percentage, or square footage used, among other factors.

(h) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School files information returns in the U.S. federal jurisdiction. The School is not subject to U.S. federal income tax examinations by tax authorities beyond three years from the filing of those returns.

**LINCOLN PREPARATORY SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

1. Summary of Significant Accounting Policies (continued)

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(j) New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (“Topic 842”), and all subsequent amendments. The ASU is intended to increase transparency and comparability of accounting for lease transactions. For all leases with terms greater than 12 months, the new guidance requires lessees to recognize right-of-use assets (ROU) and corresponding lease liabilities on the statement of financial position and to disclose qualitative and quantitative information about lease transactions. The new standard maintains a distinction between finance and operating leases.

The School elected to adopt these ASUs effective July 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the School’s statement of financial position but did not have a material impact on the statement of activity and changes in net assets. The most significant impact was the recognition of ROU assets and lease liabilities for financing leases in the amount of \$853,669 and \$928,577, respectively. The adoption of this standard did not result in a restatement of any opening balances.

2. Concentrations

At various times during the year, the School maintained cash balances in its bank accounts in excess of FDIC insurable limits. In evaluating this credit risk, the School periodically evaluated the stability of these financial institutions.

The School receives the majority of its operating revenue from the State of Louisiana in the form of MFP funding. The School also receives grants from federal agencies, state agencies, and private foundations. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

	Revenue	Receivables
2023		
MFP	62%	N A
Federal Grants	17%	24%
ERC	15%	76%
2022		
MFP	73%	N A
Federal Grants	25%	98%

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

3. Commitments and Contingencies

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grant will not result in any disallowed costs.

4. Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the least term. The useful lives range from three to forty years. The School's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred.

All assets acquired with public funds are the property of the School for the duration of the charter. If the charter is revoked or surrendered, or the School otherwise ceases to operate, all assets purchased with public funds will automatically revert to full ownership by BESE or the appropriate agency.

Depreciation expense was \$563,297 and \$25,148 for the years ended June 30, 2023 and 2022, respectively.

5. Compensated Absences

Employees earn paid time off based on various factors such as length of service and job title. Any unused paid time off is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2023 or 2022.

6. Subsequent Event

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 6, 2023, which is the date the financial statements were available to be issued.

7. Liquidity and Availability of Financial Assets

The following reflects the School's financial assets as of the statement of financial position date within one year of the statement of financial position date

Financial Assets at Year End:	2023	2022
Cash, Unrestricted	\$ 77,324	\$ 762,825
Grants Receivable, net	723,436	488,081
ERC Receivable	2,173,065	-
Certificate of Deposit	153,889	153,889
Available Lines of Credit	20,812	115,812
Financial Assets Available for General Expenditures	<u>\$ 3,148,526</u>	<u>\$ 1,520,607</u>

As part of the School's liquidity management, cash is kept in a checking account that can be accessed to meet daily needs of the organization. In addition, the School has two lines of credit of it could draw upon in the event of an unanticipated liquidity need.

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

8. Fair Value Measurement

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets that have the highest priority, and Level 3 inputs have the lowest priority. The School uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the School measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 2 - Inputs include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in inactive markets;
3. Inputs other than quoted prices that are observable for the assets or liability,
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Certificates of deposit are recorded at cost, which approximates fair market value using Level 2 inputs. The fair value of the School's investments are \$153,889 as of June 30, 2023 and 2022. No Level 1 or 3 inputs were available to the School.

9. Employee Retention Credits

On December 27, 2020, as part of the Consolidated Appropriations Act, 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) was signed into law to provide additional COVID-19 relief to small businesses. In addition to the PPP funds, the Economic Aid Act also allowed for entities that received original PPP funds under the CARES Act in 2020 to retroactively claim employee retention credits (ERC) if certain eligibility requirements were met.

The School met the eligibility requirements for the ERC. The refunds were calculated at approximately \$2,297,000, and the applicable filings were submitted to the Internal Revenue Service (IRS). During fiscal year 2023, the School received \$124,482 and has recorded a receivable of \$2,173,065 for the year ended June 30, 2023.

10. Reclassification

Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.

11. Retirement Plan

The School offers a retirement benefit plan with the Teacher's Retirement System of Louisiana (TRSL) for employees that are eligible to participate and operates as a defined benefit contribution pension plan. TRSL issues its own separate financial statements and supplementary information which are publicly available and can be obtained by writing or calling the plan.

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123
(225) 925-6446

**LINCOLN PREPARATORY SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

11. Retirement Plan (continued)

Benefits vest after five years of service for participants age sixty or older and after 20 years of service for all other participants. Benefits under the plan are established and amended by state statute. Retirement benefits are based upon the employee's age, last three years of compensation, and the total number of years the participant was contributing to the TRSL. Once participants reach retirement age a total of eight different payout options are available. The plan also provides death and disability benefits for surviving spouses or disabled employees.

Once enrolled teachers may also make an irrevocable election to participate in The Optional Retirement Plan (ORP). This plan operates as a defined contribution plan.

The School also offers enrollment into the Louisiana School Employees' Retirement System (LSERS). LSERS is available to all non-instructional personnel of the Louisiana public school system. Members may choose between three major retirement plans: Regular Service Retirement Plan, Deferred Retirement Option Plan (DROP), and Initial Benefit Retirement Plan (IBRP). LSERS issues its own separate financial statements and supplementary information which are publicly available and can be obtained by writing or calling the plan.

Louisiana School Employees' Retirement System
 8660 United Plaza Blvd.
 Baton Rouge, LA 70809
 (225) 925-6484

The School and all participating employees are required by state statute to contribute fixed percentages of employees' gross earnings to the pension plans. Current contribution rates for the plans are as follows:

	TRSL	
	Employee	Employer
Fiscal Year 2022	8.00%	25.20%
Fiscal Year 2023	8.00%	24.80%
	ORP	
	Employee	Employer
Fiscal Year 2022	8.00%	27.70%
Fiscal Year 2023	8.00%	27.00%
	LSERS	
	Employee	Employer
Fiscal Year 2022	7.50%	28.70%
Fiscal Year 2023	7.50%	27.60%

The School's contributions for the years ended June 30, 2023 and 2022 were \$1,419,119 and \$1,203,370, respectively.

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

12. Debt

Bonds

In March 2021, Louisiana Public Facilities Authority Series 2021A and 2021B were issued for the purpose of providing funds to pay for the construction of the campus to be occupied by the School. \$520,000 par value Series 2021B bonds were issued at a discount of \$235,086. The discount is amortized over the useful life of the bonds on the straight-line basis. These bonds mature on June 1, 2026, with an interest rate of 5%.

\$29,265,000 par value Series 2021A bonds were issued at a premium of \$1,722,543 and a underwriter discount of \$286,151, which is to be amortized over the life of the bonds on a straight-line basis. The Series 2021A bonds are able to be redeemed prior to the scheduled maturity date beginning in fiscal year 2026. Interest rates for the Series 2021A bonds vary based upon maturity dates. Interest rates range from 5%-5.25% and have a final maturity date of June 2060.

In July 2022, Louisiana Public Facilities Authority Series 2022A and 2022B were issued for the purpose of providing funds to pay for the construction of the athletic facilities to be utilized by the School. \$390,000 par value Series 2022B bonds were issued at a discount of \$143,279. These bonds mature on June 1, 2027 and have an interest rate of 6.375%

\$14,395,000 par value Series 2022A bonds were issued at an underwriter discount of \$289,069, which is to be amortized over the life of the bonds on a straight-line basis. Interest rates for the Series 2022A bonds vary based upon maturity dates. Interest rates range from 6.125%-6.5% and have a final maturity of June 2062.

Interest on the Series 2021 bonds were capitalized until the academic facility was completed and placed into service during April 2023. Interest on the Series 2022 bonds will be capitalized until the athletic facilities are completed. Interest for the years ended June 30, 2023 and 2022 of \$2,218,522 and \$1,543,800, respectively was capitalized and added to the balance of construction in progress. Amortization of the bond discounts were \$87,966 and \$52,068 for the years ended June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022 amortization of the bond premium was \$43,886.

The balance of the outstanding bonds are reported net of all underwriter discounts and premiums, and consist of the following:

	2023	2022
Bonds Payable, at par	\$ 44,570,000	\$ 29,785,000
Original Issue Premium	1,722,543	1,722,543
Less: Accumulated Amortization of Premium	(102,401)	(58,515)
Less: Underwriter Discount	(953,585)	(521,237)
Accumulated Amortization of Discount	157,390	69,424
Net Bonds Payable	<u>\$ 45,393,947</u>	<u>\$ 30,997,215</u>

The proceeds from bond issuance are restricted for various purposes and are to be held in separate accounts for the specific purposes of servicing the debt, making payments to construct the facility, and to ensure the School maintains adequate reserves to maintain the facility in normal operating conditions. The bonds are insured by the academic building and the athletic facilities being constructed and several insurance policies

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

12. Debt (Continued)

Estimated principal and sinking fund payments are as follows:

	Series 2021A	Series 2021B	Series 2022A	Series 2022B	Total
Fiscal Year 2024	\$ -	\$ 100,000	\$ -	\$ 95,000	\$ 195,000
Fiscal Year 2025	-	305,000	-	100,000	405,000
Fiscal Year 2026	210,000	115,000	-	105,000	430,000
Fiscal Year 2027	335,000	-	25,000	90,000	450,000
Fiscal Year 2028	350,000	-	120,000	-	470,000
Thereafter	28,370,000	-	14,250,000	-	42,620,000
	<u>\$ 29,265,000</u>	<u>\$ 520,000</u>	<u>\$ 14,395,000</u>	<u>\$ 390,000</u>	<u>\$ 44,570,000</u>

Lines of Credit

The School has two revolving line of credit arrangements. The first was entered into on November 11, 2021 with an maximum outstanding balance of \$150,550. Interest is assessed at 4% per annum, and is payable on the tenth of every month. This line of credit is secured by the School's certificates of deposit. The second was entered into on February 8, 2022 with a maximum outstanding balance of \$250,880. Interest is assessed at 8.599% per annum, and is payable the eighth of every month. This line of credit is secured by the School's receivables. The balance outstanding on these lines of credit were \$380,618 and \$285,618 as of June 30, 2023 and 2022, respectively.

Total interest expense for the years ended June 30, 2023 and 2022 were \$384,565 and \$13,321, respectively.

13. Leases

The School entered into a financing leases for school buses used for transportation services. The terms of payment range from \$22,350 to \$29,800 per bus per year, due quarterly, and expires on June 30, 2026. While the lease arrangements do not state an explicit rate, the discount rate was determined using financing arrangements available to the School at the time the agreements were entered into which was 6.375%. The Company recognized \$284,557 and \$68,851 as depreciation expense and interest expense, respectively, for the year ended June 30, 2023. The ROU assets and lease liabilities related to the financing leases as of June 30, 2023 were \$853,669 and \$928,577, respectively, with \$290,067 of the lease liabilities maturing within one year.

Future maturities of financing lease liabilities as of the fiscal year ended June 30, 2023 are as follows:

2024	\$ 342,700
2025	342,700
2026	342,700
Total lease payments	<u>1,028,100</u>
Less: present value discount	<u>(99,523)</u>
Total lease liability	<u>\$ 928,577</u>

The weighted average remaining lease term is 3 years and the weighted average discount rate is 6.375%.

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

13. Leases (Continued)

The School also has other leases that operate on a month-to-month basis or have a term of less than twelve months that do not apply to ASU No. 2016-02 (Topic 842). These leases are as follows:

The School entered into several leasing arrangements with various entities for the purpose of obtaining temporary facilities to continue educational operations until the permanent structure was completed. The lease for access to a parking lot and an office building located at the back of the current school location was effective September 21, 2020, and operated on a month-to-month basis at a cost of \$6,000 to be paid on the first of every month. This lease was terminated on June 30, 2022 and was not renewed for subsequent periods. The School also entered into a short-term sublease agreement for access to various buildings to operate the School in from August 1, 2020 until January 31, 2021 at a total cost of \$711,125. Afterwards, the School entered into a lease effective from February 1, 2021 through June 30, 2022 for access to the land on which the temporary buildings were placed at a rate of \$70,200 per year. This sublease was terminated on June 30, 2022 and was not renewed for subsequent periods.

Lastly, the School entered into an agreement to have temporary buildings delivered to the School on June 1, 2021 and is effective until February 1, 2024. The agreement is for several temporary buildings the School uses to operate out of at a varying costs. There were also various costs associated with getting the temporary structures to and from the School's location along with necessary modifications. Total rent expense for the years ended June 30, 2023 and 2022 were \$536,533 and \$1,366,250, respectively.

**LINCOLN PREPARATORY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture			
Passed Through LA Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	\$ 483,604
School Breakfast Program	10.553	N/A	242,423
Summer Food Service Program for Children	10.559	N/A	62,025
Total Child Nutrition Cluster			<u>788,052</u>
Child and Adult Care Food Program	10.558	N/A	<u>96,905</u>
Total Passed Through LA Department of Education			<u>884,957</u>
Total U.S. Department of Agriculture			884,957
U.S. Department of Education			
Passed Through LA Department of Education			
Every Student Succeeds Act (ESSA)			
Title I Grants to Local Educational Agencies	84.010	N/A	349,339
Direct Student Services	84.010	N/A	1,808
Supporting Effective Instruction State Grants	84.367	N/A	1,015
Subtotal			<u>352,162</u>
Rural Education	84.358	N/A	6,006
COVID-19 Education Stabilization Fund	COVID-19, 84.425D	N/A	54
COVID-19 Education Stabilization Fund	COVID-19, 84.425U	N/A	1,291,741
COVID-19 Education Stabilization Fund	COVID-19, 84.425W	N/A	1,604
Subtotal			<u>1,293,399</u>
Special Education Cluster			
Special Education - Grants to States	84.027	N/A	163,958
COVID-19 Special Education - Grants to States	COVID-19, 84.027X	N/A	13,185
Special Education - Preschool Grants	84.173	N/A	2,435
COVID-19 - Special Education - Preschool Grants	COVID-19, 84.173X	N/A	2,591
Total Special Education Cluster			<u>182,169</u>

See accompanying notes to schedule of expenditures of federal awards.

**LINCOLN PREPARATORY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
Total Passed Through LA Department of Education			1,833,736
Total U.S. Department of Education			1,833,736
Total Expenditures of Federal Awards			\$ 2,718,693

See accompanying notes to schedule of expenditures of federal awards.

**LINCOLN PREPARATORY SCHOOL
NOTES TO THE 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 activity of Lincoln Preparatory School (the School) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements 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 School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

During the year ended June 30, 2023, the School did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance. Instead, the School has an indirect cost rate that is provided by the Louisiana Department of Education.

**LINCOLN PREPARATORY SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE SCHOOL LEADER
FOR THE YEAR ENDED JUNE 30, 2023**

School Leader	G. Ford
Salary	\$ 132,897
Benefits - retirement	35,865
Benefits - medical	2,614
Payroll taxes	1,862
Reimbursement	3,461
	<u>\$ 176,699</u>



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

To the Board of Directors
Grambling High Foundation, Inc. d/b/a
Lincoln Preparatory School
Grambling, LA

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 Grambling High Foundation, Inc. (a nonprofit Organization) d/b/a Lincoln Preparatory School (hereafter Lincoln Preparatory School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln Preparatory 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 Lincoln Preparatory School's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln Preparatory 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedules of findings and questioned cost as item 2023-01 that we considered to be a material weakness.

Report on Compliance and Other Matters

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

Lincoln Preparatory School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lincoln Preparatory School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Lincoln Preparatory 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 organization'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 organization'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. This report is intended solely for the information and use of the audit committee, management, and others within the organization, the Legislative Auditor, and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Daigrepoint & Brian, APAC
Baton Rouge, LA
December 6, 2023



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

To the Board of Directors
Grambling High Foundation, Inc. d/b/a
Lincoln Preparatory School
Grambling, LA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Grambling High Foundation, Inc. d/b/a Lincoln Preparatory School's (hereafter Lincoln Preparatory School) 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 Lincoln Preparatory School's major federal programs for the year ended June 30, 2023. Lincoln Preparatory School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lincoln Preparatory 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 Lincoln Preparatory 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 Lincoln Preparatory 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 Lincoln Preparatory School's federal programs.

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 Lincoln Preparatory 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 Lincoln Preparatory 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 Lincoln Preparatory 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 Lincoln Preparatory 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 Lincoln Preparatory 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.

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.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in blue ink that reads "Daigrepoint & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepoint & Brian, APAC
Baton Rouge, LA
December 6, 2023

**LINCOLN PREPARATORY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

We have audited the financial statements of Lincoln Preparatory School, as of June 30, 2023, and for the year then ended, and have issued our report thereon dated December 6, 2023. 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 and the provisions of the Uniform Guidance. Our audit of the financial statements as of June 30, 2023 resulted in an unmodified opinion.

Summary of Auditors' Reports

A. Identification of Major Programs

Assistance Listing Number	Name of Federal Program or Cluster
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
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Is the auditee a 'low risk' auditee as defined by the Uniform Guidance	Yes	<u> X </u>	No	<u> </u>
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B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control				
Material Weaknesses	Yes	<u> X </u>	No	<u> </u>
Significant Deficiencies	Yes	<u> </u>	No	<u> X </u>
Compliance with Provisions of Laws, Regulation, Contracts or Grant Agreements				
	Yes	<u> </u>	No	<u> X </u>

C. Report on Each Major Federal Program and on Internal Control Over Compliance

Internal Control				
Material Weaknesses	Yes	<u> </u>	No	<u> X </u>
Significant Deficiencies	Yes	<u> </u>	No	<u> X </u>

Type of Opinion on Compliance for Each Major Program	
COVID-19 Education Stabilization Fund	Unmodified

Are there findings required to be reported in accordance with the Uniform Guidance	Yes	<u> </u>	No	<u> X </u>
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Findings - Financial Statement Audit

Finding 2023-01 - Accounting Review and Financial Statement Preparation

Condition:

The School does not have sufficient personnel on staff that had the training, knowledge, and experience to prepare the financial statements and accompanying footnotes in accordance with U.S. GAAP. Instead, the School relies on its auditors to assist in the preparation of external financial statements and related footnotes.

Cause:

The School outsources this function. However, financial statements are not being generated and the bookkeeping is not being completed in a manner that is consistent with U.S. GAAP.

Effect:

Under U.S. generally accepted auditing standards, the auditors cannot be considered part of the School's internal control structure, and because of limitations of the School's personnel, the design of internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Criteria:

The School's personnel should include an individual with suitable training, knowledge, and experience to prepare financial statements in accordance with U.S. GAAP

Recommendations:

We suggest the School hire additional personnel to perform this function or communicate with their current third party firm to reevaluate what services are to be performed.

Management's Response

Key personnel was lost during the year end close process. Management has met with the new team that now includes a CPA lead that will take measures to ensure these issues are corrected going forward.

Questioned Costs

There are no questioned costs for the year ended June 30, 2023.

**LINCOLN PREPARATORY SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Prior Audit Findings

There were no audit findings for the year ended June 30, 2022.

Summary of Prior Questioned Costs

There were no questioned cost for the year ended June 30, 2022.



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Grambling High Foundation, Inc. d/b/a
Lincoln Preparatory School

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Grambling High Foundation, Inc. (a non-profit organization) d/b/a Lincoln Preparatory School (hereafter Lincoln Preparatory School) and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Lincoln Preparatory School for the fiscal year ended June 30, 2023; and to determine specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Lincoln Preparatory School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

Procedure #1

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts on the Schedule:

- Total General Fund Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Results of Procedure #1

In performing the testing on the sample of expenditures/revenues we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Class Size Characteristics (Schedule 2)

Procedure #2

We obtained a list of classes by school, school type, and class size as reported on the Schedule. We then traced a random sample of 10 classes to the October 3rd roll books for those classes and determined if the class was properly classified on the Schedule.

Results of Procedure #2

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

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

Procedure #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.

Results of Procedure #3

No differences were noted between the PEP data information provided and the information in the personnel files.

Public School Staff Data: Average Salaries (No Schedule)

Procedure #4

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

Results of Procedure #4

No differences were noted between the salary information reported on the PEP data report provided by management and the supporting records.

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

This purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Lincoln Preparatory School, as required by Louisiana Revised Statute 24:514.1, 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 Legislative Auditor as a public document.

Daigrepoint & Brian APAC

Daigrepoint & Brian
Baton Rouge, LA

December 6, 2023

LINCOLN PREPARATORY SCHOOL
GRAMBLING, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2023

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

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

Schedule 2 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**LINCOLN PREPARATORY SCHOOL
GRAMBLING, LA**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2023**

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,644,549	
Other Instructional Staff Activities	321,816	
Instructional Staff Employee Benefits	1,009,383	
Purchased Professional and Technical Services	-	
Instructional Materials and Supplies	443,418	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	4,419,166
Other Instructional Activities		713,670
Pupil Support Activities	607,691	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	-	607,691
Instructional Staff Services	203,475	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	-	203,475
School Administration	911,539	
Less: Equipment for School Administration	-	
Net School Administration	-	911,539
Total General Fund Instructional Expenditures		\$ 6,855,541
Total General Fund Equipment Expenditures		\$ -

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

**LINCOLN PREPARATORY SCHOOL
GRAMBLING, LA**

**Class Size Characteristics
As of October 3, 2022**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	88%	280	5%	15	1%	2	6%	20
Combination Activity Classes	75%	39	10%	5	2%	1	13%	7

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.



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

To the Board of Directors
Grambling High Foundation, Inc. d/b/a
Lincoln Preparatory School
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Grambling High Foundation, Inc. d/b/a Lincoln Preparatory School's (hereafter Lincoln Preparatory School) management is responsible for those C/C areas identified in the SAUPs.

Lincoln Preparatory 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 as follows:

Written Policies and Procedures

1. 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(s) rate 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) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- 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) **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 noted as a result of applying this procedure.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - 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 noted as a result of applying this procedure.

Bank Reconciliations

- 3 Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - 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 noted as a result of applying this procedure.

Collections (excluding electronic funds transfers)

- 4 Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing making bank deposits, unless another employee official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee official verifies the reconciliation.
- 6 Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

- 7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted as a result of applying this procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (ETF), wire transfer, or some other electronic means.

For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted as a result of applying this procedure.

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

10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
11. 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.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
12. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted as a result of applying this procedure.

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

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted as a result of applying this procedure.

Contracts

14. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- 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.
 - Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted as a result of applying this procedure.

Payroll and Personnel

15. 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.
16. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
17. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
18. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted as a result of applying this procedure.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
20. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: Lincoln Preparatory School is a nonprofit organization so this procedure does not apply.

Debt Service

21. Obtain a listing of bonds notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Lincoln Preparatory School is a nonprofit organization so this procedure does not apply.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted as a result of applying this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe 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 no written documentation, inquire of personnel responsible for testing verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - 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.
26. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees previously obtained. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

Sexual Harassment

27. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
28. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
29. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: Lincoln Preparatory School is a nonprofit organization so this procedure does not apply.

We were engaged by Lincoln Preparatory 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 Lincoln Preparatory 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.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA
December 6, 2023