

**City of Baker School Board
Board Meeting Agenda
Tuesday, June 03, 2025, 6:00 P.M.
School Board Office**

Monique Butler, President – Presiding

“The only way to do great work is to love what you do. If you haven't found it yet,
keep looking. Don't settle.” — Steve Jobs

A. Meeting Commencement

1. Call to Order
2. Roll Call
3. Silent Meditation
4. Pledge of Allegiance

B. Welcome of Visitors

C. Recognitions

D. Approval of Agenda (Action)

E. Action Items-The public may comment on Action Items. Public Comment is limited to 2 minutes per individual.

1. Consideration and Approval of Minutes from the School Board Meeting of 05-13 and 5-14-2025.
2. Consideration and Acceptance of Monthly Financial Report including Budget to Actual Comparisons for the Periods Ending April 30, 2025.
3. Consideration and Approval of CoBSS Financial Audit for the 2023-2024 school year.
4. Consideration and Approval of Engagement Letter with Kolder, Slaven and Company for Audit Services
5. Consideration and appointment to the Baker Main Street Economic Development District (BMSEDD) Board of Commissioners.
6. Consideration and Acceptance of a Lease Agreement with Board of Education Explosion, Inc. d/b/a Impact Charter School for the Facility located at 3750 Harding Street for the 2025-2026 school year.

F. Information Items

1. Superintendent's Report on Personnel

G. Announcements

1. Date of Next Meeting – July 1, 2025

H. Adjournment (Action)



In accordance with the Americans with Disabilities Act, if you need special assistance, please contact Debbie Dedeaux at 225.774.5795 to describe the assistance that is necessary.



City of Baker School Board Meeting May 13, 2025

MINUTES

The City of Baker School Board held a meeting beginning at 6:00 p.m. on Tuesday, May 13, 2025.

President Butler called the board meeting to order and explained to visitors the process for speaking on action agenda items is to request a comment card from Mrs. Debbie Dedeaux. Write your name on the card as well as the number of the agenda item you wish to speak on and return the card to Mrs. Dedeaux. She will bring the card up to the Board President at the appropriate time. Visitors will be allowed two (2) minutes to speak.

President Butler welcomed all visitors to the meeting and took roll call:

Perkins: Present
Profit: Present
Burgess: Present
Joseph: Present
Butler: Present

Ms. Butler announced there was a quorum, and the meeting would proceed.

Ms. Butler requested that everyone stand for a moment of silent meditation/prayer led by Mrs. Burgess, and the Pledge of Allegiance, to be led by Mrs. Joseph.

Recognitions:

The School Board recognized the following:

- Baker High School Graduates of Rosebud Healthcare and Training's Certified Nursing Assistant (CAN) Program
- Baker Middle School Students on the Honor Roll/Principal's List for 1st 9 Weeks
- Park Ridge Academic Magnet School Students on the Honor Roll/Principal's List for 1st 9 Weeks
- Baker High School Students Earning a 4.0 GPA for 1st 9 Weeks
- Students of the Year
- Teachers of the Year
- Support Employees of the Year

Approval of Agenda:

On motion of Mrs. Burgess seconded by Mrs. Profit, the Board voted to approve the meeting agenda. Voting yes: Perkins, Profit, Burgess, Joseph, and Butler. Voting no: None.

Action Items:

1. Consideration and Approval of Minutes from the Board Meetings of April 1, 2025 and April 10, 2025.
On motion of Mrs. Profit seconded by Mrs. Burges, the Board voted to approve the minutes from the board meetings of April 1, 2025 and April 10, 2025. Voting yes: Perkins, Profit, Burges, Joseph, and Butler. Voting no: None.
2. Consideration and Acceptance of Monthly Financial Report including Budget to Actual Comparisons for the Period Ending March 31, 2025.
On motion of Mrs. Burges seconded by Mrs. Profit, the Board voted to accept the Monthly Financial Report including Budget to Actual Comparisons for the Period Ending March 31, 2025. Voting yes: Profit, Burges, and Butler. Voting no: Perkins and Joseph.
3. Consideration and Acceptance of a Professional Services Agreement with Wynn L. White Consulting Engineers, Inc., to Update the District's Asbestos Management Plans.
On motion of Mrs. Burges seconded by Mrs. Profit, the Board voted to accept the professional services agreement with Wynn L. White Consulting Engineers, Inc., to update the district's asbestos management plans. Voting yes: Perkins, Profit, Burges, Joseph, and Butler. Voting no: None.

Superintendent's Report on Personnel:

1. There were no personnel actions to report.

Announcements:

1. Date of Next Meeting: June 3, 2025
2. Special Meeting: May 14, 2025

Adjournment:

On motion of Mrs. Burges seconded by Mrs. Profit, the Board voted to adjourn the meeting at 6:45 p.m. Voting yes: Perkins, Profit, Burges, Joseph, and Butler. Voting no: None.

Submitted by J.T. Stroder, Secretary.



City of Baker School Board Special Meeting May 14, 2025

MINUTES

The City of Baker School Board held a special meeting beginning at 6:00 p.m. on Wednesday, May 14, 2025.

President Butler called the board meeting to order and explained to visitors the process for speaking on action agenda items is to request a comment card from Mrs. Debbie Dedeaux. Write your name on the card as well as the number of the agenda item you wish to speak on and return the card to Mrs. Dedeaux. She will bring the card up to the Board President at the appropriate time. Visitors will be allowed two (2) minutes to speak.

President Butler welcomed all visitors to the meeting and took roll call:

Perkins: Present
Profit: Present
Burgess: Present
Joseph: Present
Butler: Present

Ms. Butler announced there was a quorum, and the meeting would proceed.

Ms. Butler requested that everyone stand for a moment of silent meditation/prayer led by Mrs. Perkins, and the Pledge of Allegiance, to be led by Mrs. Burgess.

Approval of Agenda:

On motion of Mrs. Burgess seconded by Mrs. Profit, the Board voted to approve the meeting agenda. Voting yes: Perkins, Profit, Burgess, Joseph, and Butler. Voting no: None.

Executive Session:

On motion of Mrs. Burgess seconded by Mrs. Profit, the Board voted to go into executive session to discuss the following:

1. City of Baker School Board vs Board of Elementary and Secondary Education, et al., Case No. 761784, 19th Judicial District Court, East Baton Rouge Parish, Louisiana
2. City of Baker School Board vs Board of Elementary and Secondary Education, et al., Case No. 761785, 19th Judicial Court, East Baton Rouge Parish, Louisiana

Voting yes: Perkins, Profit, Burgess, Joseph, and Butler. Voting no: None.

On motion of Mrs. Burges seconded by Mrs. Profit, the Board voted to return to regular session. Voting yes: Perkins, Profit, Burges, Joseph, and Butler. Voting no: None.

Action Items:

1. Consideration of Authorizing Special Counsel to Proceed with Executive Session Items. On motion of Mrs. Burges seconded by Mrs. Profit, the Board voted to authorize special counsel to proceed with filing an appeal. Voting yes: Profit, Burges, and Butler. Voting no: Perkins, and Joseph.
2. Discussion and Consideration of Approval of Application for Operation of Type 3 Charter Conversion of Existing Schools. On motion of Mrs. Joseph seconded by Mrs. Burges, the Board voted to approve the application for operation of Type 3 charter conversion of existing schools. Voting yes: Perkins, Profit, Burges, Joseph, and Butler. Voting no: None.

Announcements:

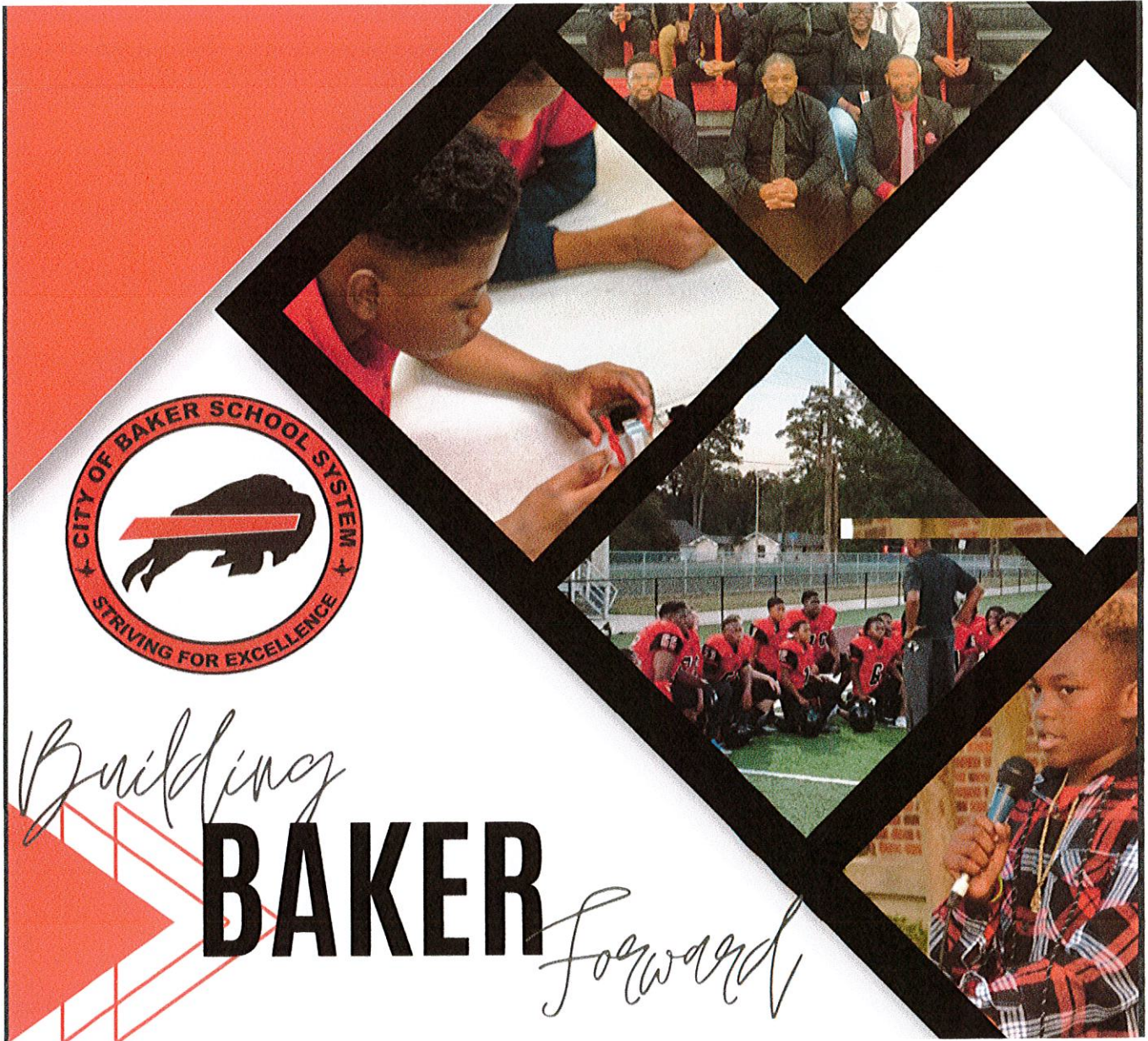
1. Date of Next Meeting: June 3, 2025

Adjournment:

On motion of Mrs. Burges seconded by Mrs. Joseph, the Board voted to adjourn the meeting at 6:52 p.m. Voting yes: Perkins, Profit, Burges, Joseph, and Butler. Voting no: None.

Submitted by J.T. Stroder, Secretary.

City of Baker School Board



FINANCIAL REPORT SUMMARIES INCLUDING BUDGET TO ACTUAL COMPARISONS
FOR PERIOD ENDING APRIL 30, 2025

CITY OF BAKER SCHOOL BOARD

Financial Report Summaries Including Budget to Actual Comparisons for Period Ending April 30, 2025

GENERAL FUND			
	2024-2025 APPROVED	2024-2025 YTD	Percentage
Description	Revenues/ Expenditures	Revenues/ Expenditures	Uncollected/ Unexpended
REVENUES			
Local Sources			
Taxes			
Ad Valorem	2,637,454	2,736,002.70	3.7%
Sales and Use	4,975,800	3,727,685.90	-25.1%
1% Collections by Sherriff and Pension Fund	56,492	0.00	-100.0%
Interest Earnings	30,000	48,048.36	60.2%
Donations	1,000	4,425.00	342.5%
Leases	0	15,000.00	100.0%
Other Local	150,500	8,789.93	-94.2%
State Sources			
Minimum Foundation Program	7,207,849	3,799,231.00	-47.3%
Professional Improvement Program	7,860	7,766.00	-1.2%
Revenue Sharing	44,500	12,927.00	-71.0%
Supplemental Choice Allocation Funds (SCA)	31,990	0.00	-100.0%
Career Development Funds (CDF)	25,000	25,000.00	0.0%
Other Restricted Revenues	0	52,000.00	0.0%
Federal			
ERATE	12,000	0.00	-100.0%
Indirect Costs	125,000	90,923.00	-27.3%
TOTAL REVENUES	15,305,445	10,527,798.89	-31.2%
EXPENDITURES			
Instruction:			
Regular Programs	4,111,671	2,402,901.28	-41.6%
Special Education Programs	992,648	642,946.67	-35.2%
Vocational Programs	255,145	159,180.66	-37.6%
Other Instructional Programs	344,431	251,815.92	-26.9%
Special Programs	123,805	17,954.10	-85.5%
Total Instruction	5,827,700	3,474,798.63	-40.4%
Support Services:			
Pupil Support Services	824,442	609,818.06	-26.0%
Instructional Staff Support	120,501	97,202.72	-19.3%
General Administration	950,204	579,466.18	-39.0%
School Administration	655,381	479,108.04	-26.9%
Business Services	249,986	250,351.75	0.1%
Plant Services	1,912,851	1,815,288.53	-5.1%
Student Transportation Services	825,346	788,229.27	-4.5%
Central Services	121,774	69,703.08	-42.8%
Building Improvements (Plant Services)	115,000	49,313.49	-57.1%
Debt Services	727,889	640,424.32	-12.0%
Total Support Services	6,503,374	5,378,905.44	-17.3%
Total Expenditures	12,331,074	8,853,704.07	-28.2%
EXCESS of REVENUES OVER EXPENDITURES	2,974,371	1,674,094.82	
TRANSFERS OUT			
USDA SFS MATCH	8,961	8,961.00	
LOCAL REVENUE CHARTER SCHOOL TRANSFERS	2,965,410	0.00	
TOTAL TRANSFERS OUT	2,974,371	8,961.00	
CHANGE IN FUND BALANCE	0	1,665,133.82	

CITY OF BAKER SCHOOL BOARD

SPECIAL REVENUE FUNDS FINANCIAL REPORT SUMMARIES INCLUDING BUDGET TO ACTUAL COMPARISONS FOR PERIOD ENDING APRIL 30, 2025

SPECIAL REVENUE FUNDS						
FEDERAL AND STATE GRANTS Account Title	2024-2025 APPROVED BUDGET	2024-2025 YTD Revenues	2024-2025 YTD Expenditures	2024-2025 Excess Deficiency	Receivables as of 05/28/2025	ADJ Excess/ Deficiency
CARL PERKINS	15,751.00	0.00	7,806.39	(7,806.39)	7,056.00	(750.39)
FOOD SERVICE	864,970.00	616,916.67	632,076.69	(15,160.02)	86,457.28	71,297.26
SUMMER SCHOOL FOOD SERVICE	0.00	58,477.10	0.00	58,477.10	0.00	58,477.10
LOCAL FOOD FOR SCHOOLS	6,618.00	6,618.00	6,618.00	0.00	0.00	0.00
FRESH FRUIT AND VEGETABLE GRANT	0.00	5,648.00	0.00	5,648.00	3,572.00	9,220.00
SFS EQUIPMENT GRANT	0.00	0.00	0.00	0.00	0.00	0.00
IDEA PART B	221,681.00	58,389.00	236,871.87	(178,482.87)	77,402.00	(101,080.87)
HIGH COST SERVICES	0.00	0.00	32,015.95	(32,015.95)	0.00	(32,015.95)
SPECIAL ED - PRE-SCHOOL	7,663.00	0.00	137.59	(137.59)	0.00	(137.59)
8g STUDENT ENHANCEMENT/PRE K	53,095.00	30,441.71	39,808.39	(9,366.68)	9,366.68	0.00
HIGH DOSAGE TUTORING	55,085.00	55,085.00	55,080.00	5.00	0.00	5.00
COMPREHENSIVE LITERACY STATE DEVELOPMENT CLSD K-5	72,000.00	0.00	64,653.96	(64,653.96)	0.00	(64,653.96)
COMPREHENSIVE LITERACY STATE DEVELOPMENT CLSD 9-12	235,000.00	0.00	97,415.52	(97,415.52)	0.00	(97,415.52)
TITLE I	1,032,368.00	677,048.00	977,436.00	(300,388.00)	242,958.00	(57,430.00)
TITLE II	65,166.00	23,230.00	58,002.27	(34,772.27)	14,288.00	(20,484.27)
TITLE IV	64,939.00	6,229.00	24,273.22	(18,044.22)	11,247.00	(6,797.22)
STRONGER CONNECTIONS	0.00	0.00	30,419.55	(30,419.55)	30,419.55	0.00
SCHOOL REDESIGN	294,939.00	362,527.00	395,170.55	(32,643.55)	32,082.00	(561.55)
ESSER III INCENTIVE	0.00	41,325.00	64,995.98	(23,670.98)	0.00	(23,670.98)
ESSER III - FORMULA ACHIEVE	0.00	476,720.00	476,720.30	(0.30)	0.00	(0.30)
ESSER III (EB) - ACHIEVE - INTERVENTIONS	0.00	0.00	0.00	0.00	0.00	0.00
HOMELESS ARP	0.00	1,764.00	25,271.39	(23,507.39)	0.00	(23,507.39)
IDEA 619 ARP	6,000.00	0.00	0.00	0.00	0.00	0.00
IDEA 611 Set Aside	21,061.00	0.00	0.00	0.00	0.00	0.00
IDEA 619 Set Aside	6,000.00	0.00	0.00	0.00	0.00	0.00
ED EXCELLENCE ENHANCEMENT	18,597.00	0.00	6,601.98	(6,601.98)	18,597.00	11,995.02
LA - 4 Cecil Picard	0.00	80,910.00	100,409.30	(19,499.30)	0.00	(19,499.30)
Baker High School Restoration	5,741,761.00	4,081,415.12	4,081,415.12	0.00	0.00	0.00
TOTAL - SPECIAL REVENUE FUNDS	8,782,694.00	6,582,743.60	7,413,200.02	(830,456.42)	533,445.51	(297,010.91)

**CITY OF BAKER
SCHOOL BOARD**

Financial Statement Audit Presentation

FYE
June 30, 2024

Summary of Financial Report

1. Independent Auditor's Report on the Financial Statements
2. Independent Auditor's Report on Internal Control, Compliance and Other Matters
3. Independent Auditor's Report on Federal Awards
4. Financial Information

Management's Responsibilities:

- Financial statements and underlying accounting records
- Designing and implementing internal controls
- Compliance with laws and regulations
- Preventing and Detecting Fraud

Auditor's Responsibilities:

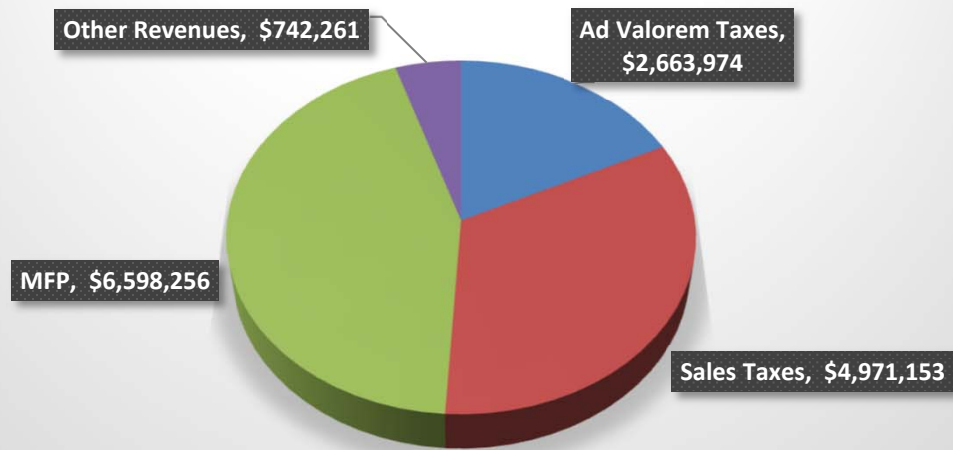
- Obtaining an understanding of internal controls over financial reporting to determine our audit procedures
- Testing compliance with certain laws, regulations and grant agreements to determine our audit procedures
- Examining sufficient transactions on a test basis to enable us to express our opinion
- Expressing an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Generally Accepted Accounting Principles (GAAP)
- Reporting to the Board Members significant or material internal control or compliance matters that come to our attention

Audit Results:

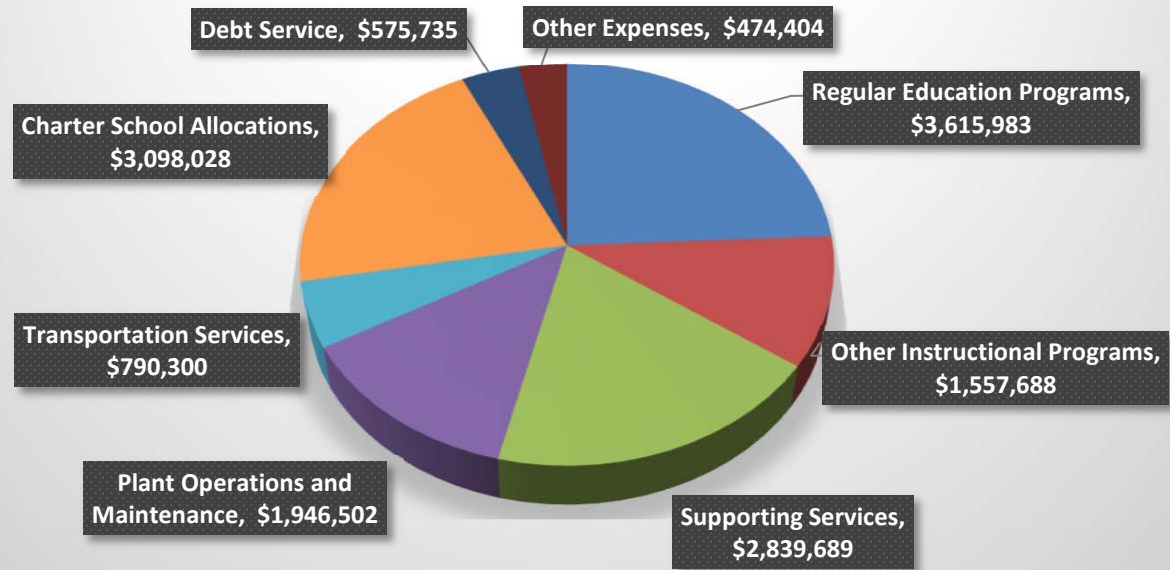
- Type of auditor's opinion issued on the financial statements Unmodified
- Type of auditor's opinion issued on compliance with federal awards Unmodified
- Reportable Findings:

2024-005	Davis Bacon Monitoring
2024-004	Timesheet Signature
2024-001 to 2024-003	Financial Records & Reconciliations & Late Reports

GENERAL FUND REVENUE



GENERAL FUND EXPENSES



KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

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WWW.KSRCPAS.COM

May 28, 2025

James Stroder, Superintendent
and the Members of the
City of Baker School Board
P.O. Box 680
Baker, Louisiana 70704-0680

We are pleased to confirm our understanding of the services we are to provide the City of Baker School Board (Board), for each year ended June 30, 2025, 2026, 2027 and 2028.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the Board as of and for each of the years ended June 30, 2025, 2026, 2027 and 2028. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), to supplement the Board's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Board's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis (MD&A)
2. Budgetary comparison schedules and related notes.
3. GASB required pension schedules and related notes.
4. GASB required OPEB schedules and related notes.

We have also been engaged to report on supplementary information other than RSI that accompanies the Board's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Non-major governmental fund financial statements
2. Schedule of expenditures of federal awards, if applicable.

The objectives of our audit 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 issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to

detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Board's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. If applicable, our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Board's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Board's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

At your request, we can (1) assist in preparing the financial statements and related notes in conformity with U.S. generally accepted accounting principles, (2) assist in the preparation of your SEFA, (3) propose adjusting journal entries for use during the audit, (4) prepare various reconciliations, and (5) maintain a depreciation schedule based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to those services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for any nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the nonaudit services, as previously defined, and that you have reviewed and approved the nonaudit services we provide prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships

and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant those emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Staff Recruiting

With the talented members we have hired, we expect there may be occasions where the entity may recruit one of our valuable team members to become part of your organization. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, the entity agrees to notify the engagement partner immediately before entering into any substantive employment discussions with any of our personnel. If after notification to the engagement partner it is determined that the hire will not impede the engagement, the entity may hire the personnel.

Publication of Report

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on the entity's website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document. Management is responsible to notify us in advance of your intent to print our report, in whole or in part, and to give us the opportunity to review such printed matter before its issuance.

Louisiana Governmental Audit Guide

Our engagement will be performed in accordance with the *Louisiana Governmental Audit Guide*, authorized by Louisiana Revised Statute 24:513 A. (5) (a) (i), which is published jointly by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants.

Our engagement will be performed in accordance with *Government Auditing Standards*, and *US Office of Management and Budget publication Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, if applicable.

We will notify the Legislative Auditor, immediately and in writing, of:

- Any fraud, abuse or illegal acts that are detected during our engagement

- Any client-imposed scope restrictions, to include failure to provide the appropriate books and records in a timely manner; or denial of access to appropriate books and records
- Any significant disagreements with the local auditee
- Any change in the scope of the engagement (for example, a change from an audit engagement to a review/attestation engagement), to include all reasons for such change
- Any decision to withdraw from or cancel the engagement, to include all substantive reasons for the withdrawal or cancellation
- Our decision to disclaim the auditor's opinion, or to render an adverse opinion on the financial statements for any reason other than omitted component units.

It is understood that our audit documentation is confidential information. However, we will make our audit documentation available to the Legislative Auditor, any successor auditor, or any organization of the Louisiana Board of Certified Public Accountants authorized to perform quality assurance reviews. We will follow the Louisiana Legislative Auditor's policy regarding confidentiality of audit documentation found in the *Louisiana Governmental Audit Guide* when giving access to audit documentation to any parties other than those previously named individuals and organizations. Should we become aware of any illegal acts, we will make our engagement documentation available to the local district attorney and/or any other state or federal enforcement or regulatory agency without liability.

We will retain the audit documentation for a minimum of five years.

Immediately upon completion of the engagement, we will submit a copy of the report, any management letter, and management's corrective action plan (if applicable) to the local auditee and the Legislative Auditor.

Either we or the local auditee will submit a copy of the report, any management letter, and management's corrective action plan (if applicable) to the following persons and agencies, as applicable:

- Each member of the local auditee's governing board
- Each Louisiana state agency providing financial assistance to the local auditee
- The Federal Audit Clearinghouse, as required by 2 CFR Section 200.512

Subsequent to the issuance of the report, should it be necessary to revise and reissue the report, we will notify the Legislative Auditor immediately. We will distribute such revised and reissued report in the same manner and to the same individuals and organizations as the original report.

The local auditee will prepare and sign the compliance questionnaire; adopt it in an open meeting of the local auditee's board (if applicable) and return it to us. We will test the local auditee's compliance with the applicable laws during the performance of our audit and will report on any matters of noncompliance that are material to the financial statements.

The schedule of compensation, reimbursements, benefits, and other payments to the local auditee's agency head, political subdivision head, or chief executive officer required by Louisiana Revised Statute 24:513 A. (3) will be included in the report as supplementary information other than required supplementary information; or in the notes to the financial statements. If included as supplementary information, we will provide an opinion on the schedule in relation to the financial statements as a whole.

The schedule of per diem paid to the local auditee's board members required by House Concurrent Resolution No. 54 of the 1979 Legislative Session will be included in the report, if applicable.

We will notify the local auditee of any breach of the security of our firm's computer system, defined in R.S. 51:3073 as the compromise of the security, confidentiality, or integrity of computerized data that results in, or there is a reasonable likelihood to result in, the unauthorized acquisition of and access to the local auditee's personal information, as defined in R.S. 51:3073.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings, if applicable. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Performance Measures

We will apply the agreed-upon procedures listed below that were specified and agreed to by the Board, the Louisiana Department of Education, and the Louisiana Legislative Auditor (LLA) (the specified parties) on the schedules of performance and statistical data accompanying the basic financial statements of the Board for each of the fiscal years ended June 30, 2025, 2026, 2027, and 2028, in order to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. The LLA may provide additional guidance during the term of this engagement which could modify the procedures included in the attached schedule. You acknowledge your agreement to any modifications made by the LLA to these procedures.

Our engagement to apply agreed-upon procedures will be conducted 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. The sufficiency of the procedures performed or to be performed is solely the responsibility of the specified parties. We will require the Board's acknowledgement in writing of its responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

Because the agreed-upon procedures listed below do not constitute an examination or review, we will not express an opinion or conclusion on the schedules of performance and statistical data. In addition, we have no obligation to perform any procedures relative to these schedules beyond those listed below.

We will issue a written report upon completion of our engagement that lists the procedures performed; our findings, and management's response to our findings. Our report will be included and submitted with the audit report of the Board. Our report will be addressed to the Board, the Louisiana Department of Education, and the Louisiana Legislative Auditor. If, for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. Should such situation arise, we will notify you and the Legislative Auditor.

You understand that the report is intended solely for the information and use of the Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor; and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the report will be distributed by the Louisiana Legislative Auditor as a public document. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you and the Louisiana Legislative Auditor any known and suspected fraud and noncompliance with laws or regulations affecting the schedules of performance and statistical data that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict management's assertions regarding the performance and statistical data, we will disclose those matters

in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

Management of the Board is responsible for internal controls and compliance with laws and regulations related to its schedules of performance and statistical data; for selecting the criteria and procedures, and for providing us with a written assertion about whether the schedules are free of obvious errors and omissions. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the schedules of performance and statistical data, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the Board from whom we determine it necessary to obtain evidence relating to performing those procedures.

The procedures that will be performed are as follows:

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

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

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a random sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Education Levels of Public School Staff (No Schedule)

3. We will obtain 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Public School Staff Data: Average Salaries (No Schedule)

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

Agreed Upon Procedures – Statewide AUPs

You will agree to the procedures listed in the attached schedule and will acknowledge that the procedures to be performed are appropriate for the intended purpose of this engagement, which is to perform specified procedures on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for each of the fiscal periods ended June 30, 2025, 2026, 2027, and 2028. These

procedures were also agreed to by LLA, and LLA acknowledges that the procedures are appropriate for the intended purpose of the engagement. The LLA may provide additional guidance during the term of this engagement which could modify the procedures included in the attached schedule. You acknowledge your agreement to any modifications made by the LLA to these procedures.

Our engagement to apply agreed-upon procedures will be conducted 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 Comptroller General of the United States. Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgment that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. The agreement and acknowledgment are contained within this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination or review, we will not express an opinion or conclusion on C/C areas. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the Entity and the LLA and will be published on the LLA's website as a public document.

If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate, we will disclose the restrictions in our report.

Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You understand that the report is intended solely for the use of the Board and LLA, and should not be used by anyone other than those specified parties.

There may exist circumstances that, in our professional judgment, will require we not issue a report and withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of the engagement are not appropriate.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations (unless otherwise specified in the agreed-upon procedures); however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the C/C areas that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the results of the procedures performed in C/C areas, we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

You agree to the procedures to be performed, and acknowledge that they are appropriate for the intended purpose of the engagement.

You are responsible for the C/C areas and ensuring that these areas are administered in accordance with the best practices criteria presented in the SAUPs; and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the C/C areas and administration of those areas in accordance with the best practices criteria in the SAUPs.

Engagement Fee

The estimated fee has been computed based on anticipated cooperation from the entity's personnel and the assumption that unexpected circumstances that would cause us to expand normal procedures will not be encountered during the audit. Extraordinary circumstances are defined as destruction or disappearance of records, discovery or accusations of fraud, misappropriation, abuse or waste, new accounting standards, significant additional federal fundings or situations beyond our control or knowledge.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. Audit procedures may be performed on-site at your office and/or remotely from our office. While performing audit procedures on-site at your office, we will require access to the internet either through hardwire or Wi-Fi capabilities. We will plan the engagement based on the assumption that your personnel will provide assistance by performing tasks such as preparing requested schedules (as indicated in our prepared by client list), retrieving supporting documents, and preparing confirmations and that this information will be provided to us in an electronic format via email, secured portal, or portable flash drive. This fee is further prepared on the assumption that: (1) all bank reconciliations are accurately prepared and agree to the general ledger, (2) all accounts receivable and payable have been accrued and recorded, (3) all trial balances agree to the general ledger and are in balance, (4) all interfund transactions are accurately reported and are in balance, (5) your final trial balances and general ledgers will be provided at least two weeks prior to the scheduled start of the engagement, (6) assets, liabilities, revenues and expenses are reported in the proper fund and account, (7) your consulting CPA will prepare the financial statements and related notes in accordance with GAAP and (8) a complete and accurate schedule of federal expenditures is provided. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

The Legislative Auditor may direct us to address matters for inclusion in our reports or other means. We will respond to such requests in the appropriate manner, and charges related to such matters will be invoiced as an addition to the projected fee at our standard hourly rates.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fee for the audit for the year ended June 30, 2025, is \$70,500, for the year ended June 30, 2026, is \$77,500, for the year ended June 30, 2027, is \$81,000, for the year ended June 30, 2028, is \$85,000. Additionally, our fee estimate for the Statewide AUPs for each year will range from \$4,000 to \$10,000.

Reporting

We will issue written reports upon completion of our audit. Our reports will be addressed to management and the governing board. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Engagement Administration

The audit documentation for this engagement is the property of Kolder, Slaven and Company, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Louisiana Legislative Auditor or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office or other agency for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Kolder, Slaven and Company, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Mr. Matthew Margaglio, CPA (Kolder, Slaven & Company, LLC (337) 893-7944) is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

In accordance with the provisions of state law, this engagement agreement must be approved by the Legislative Auditor prior to commencement of our work. Upon receipt of your signature and approval, we will seek approval of the Legislative Auditor of this engagement.

Respectfully submitted,

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants

Matthew E. Margaglio, CPA

This letter correctly sets forth the understanding of City of Baker School Board.

ENGAGEMENT APPROVED:

By: _____

Title: _____

Date: _____

STATEWIDE AGREED-UPON PROCEDURES

FISCAL YEARS BEGINNING ON OR AFTER
JANUARY 1, 2024

LOCAL GOVERNMENT SERVICES

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INSTRUCTIONS

Introduction

The Louisiana Legislative Auditor (LLA) has prescribed statewide agreed-upon procedures (AUPs) below, which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including not-for-profit organizations) that meet the legal requirement to have an audit under the Audit Law¹ (i.e., public funds totaling \$500,000 or more in revenues and other sources). **This update to the AUPs will be effective for those entities that have fiscal years beginning on or after January 1, 2024 (Version 7).**

The AUPs are not intended to address all areas of risk within an entity. Instead, they are designed to address those areas that have resulted in the most frequent incidents of fraud, waste, or abuse of public funds. **The objective of the statewide AUPs is to correct internal control processes of local entities in order to lessen their risks of fraud, waste, or abuse in the future.**

The AUPs are applicable to all fund types (governmental, proprietary, and fiduciary, including custodial funds administered by sheriffs or other tax collectors). But see the [Single Audit](#) and [School Activity Fund](#) exemption sections following.

What's New?

- 2-Year Testing Cycle: Agencies will now have the opportunity to undergo reduced SAUP testing every other year. Eligibility for this reduced testing will be based on meeting the following two criteria:
 - Timely submission of the Year 1 audit, **and**
 - At least one category in Year 1 must have no exceptions, as only categories with exceptions will need to be retested in Year 2.

To implement this new policy, we are introducing a 2-year testing cycle, consisting of Year 1 and Year 2, where Year 1 establishes the baseline for determining the extent of testing required in Year 2. During Year 1, all SAUP categories will be tested for agencies required to undergo an audit. In Year 2, only the SAUP categories with exceptions in Year 1 will be retested, provided the Year 1 audit report is submitted by the statutory deadline (or **emergency extension**², if applicable). The fiscal years beginning in 2023

¹ R.S. 24:511-24:559

² Entities that receive **non-emergency extensions** are not eligible for the reduced testing.

will mark the first Year 1, and fiscal years beginning in 2024 will be the first Year 2.

Upon implementation, this policy will operate as follows:

Year 1:

- All 14 SAUP categories will be tested at every agency required to submit an audit to the LLA.
- Agencies will bear the full cost of testing all 14 SAUP categories.

Year 2:

- For entities whose Year 1 audits are submitted on time, the IT Business Continuity/Disaster Recovery procedure will not require testing in Year 2. However, if the Year 1 audit is submitted late, all 14 procedures, including IT Business Continuity/Disaster Recovery, will be required in Year 2.
- For the remaining 13 SAUP categories the number of areas tested depends on the results of Year 1 testing and whether the agency's audit report was submitted on time in Year 1. For example:
 - **No Year 1 Exceptions Identified (and Year 1 Audit Submitted on Time):** No retesting will occur in Year 2 if no exceptions are identified in Year 1 and the Year 1 audit report was submitted on time (within 6 months of the end of the fiscal year).
 - **Year 1 Exceptions Identified (and Year 1 Audit Submitted on Time):** Only those SAUP categories with exceptions in Year 1 will be retested in Year 2 if the Year 1 audit report was submitted on time,
 - **Late Submission of Year 1 Audit:** Regardless of whether exceptions were identified in Year 1, all 14 SAUP categories will be retested in Year 2 if the audit report was submitted after the statutory due date of 6 months after the end of the fiscal year³.
- Procedure 2 (Board/Finance Committee): Added language to clarify that the board meeting minutes for all 12 months of the fiscal year should be reviewed.
- Procedure 5 (Non-Payroll Disbursements): Added a footnote to clarify that internal electronic transfers made from one bank account to another are not required to be tested.

³ Audit reports submitted by the **emergency extension** due date will be considered on time. Emergency extensions may be granted when there is a gubernatorially declared disaster or emergency preventing the local auditee from completing the report by the statutory due date.

- Procedure 13 (Information Technology Disaster Recovery/Business Continuity): Added language to clarify that the auditor should verbally discuss the results with management and report "We performed the procedure and discussed the results with management" for all areas tested in this SAUP category.

Additionally, edits have been made to existing instructions and Frequently Asked Questions (FAQs).

Applicable Auditing Standards

The AUPs are to be performed in accordance with attestation standards (Statements on Standards for Attestation Engagements; SSAEs) established by the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards*, and the AUP report must be attached with the audit report that is submitted to the Legislative Auditor's office (i.e., one pdf file submitted to the LLA rather than two). The AUPs are required to be performed by the same firm that performs the annual audit; accordingly, a separate "engagement approval form" for the statewide AUP engagement is **not required**. The LLA is considered to be a specified party to the AUP engagements and acknowledges that the procedures performed are appropriate for our purposes by our acceptance of the standard audit engagement approval forms.

Reporting AUP Findings

Findings are the factual results of the procedures performed, including sufficient details of any exceptions found. All exceptions found, other than those related to Information Technology Disaster Recovery/Business Continuity, are to be included in the AUP report with management's responses/corrective actions. To avoid potential conflicts with the attestation standards, we recommend that management prepare a single overall response to the AUP report. If management chooses **not** to respond to the AUP findings at all, the practitioner must include a statement that "management declined to respond to the findings or provide a plan of corrective action." If no exceptions are found when performing a procedure, "no exceptions were found as a result of this procedure" is an acceptable result in the AUP report.

To avoid the possible exposure of entity information technology vulnerabilities, we ask that results of the Information Technology Disaster Recovery/Business Continuity SAUP testing (Procedure 13) be discussed with management and **not shown within the AUP report**. Instead, we ask that each procedure under the Information Technology Disaster Recovery/Business Continuity AUP category be followed by the statement, **"We performed the procedure and discussed the results with**

management." *Note: The practitioner should maintain documentation of Information Technology Disaster Recovery/Business Continuity AUP testing and subsequent results in the engagement workpapers.*

The LLA does not intend to penalize entities for exceptions that do not directly correspond to control risks. Accordingly, if the practitioner found exceptions within an AUP category, based strictly on the wording of the procedure, but the practitioner believes that compensating controls **fully** mitigated the underlying control risk, the entity may report no exceptions. The practitioner should maintain documentation of compensating controls in the engagement workpapers.

Statewide Agreed-Upon Procedures Exceptions and the Schedule of Audit Findings

The results of the AUPs do not change the practitioner's separate responsibility to report significant deficiencies, material weaknesses, material noncompliance, etc. as part of the regular audit engagement. However, the practitioner should not include the AUP exceptions or a reference to the exceptions in the audit report's schedule of findings unless an AUP or internal audit exception rises to the level of a significant deficiency or material weakness and is included as a finding for purposes of the audit. Similarly, AUP exceptions should not be copied and pasted as findings in the LLA report submission portal unless they are addressed as findings in the audit report.

Knowledge of Matters Outside Agreed-Upon Procedures

Under the attestation standards, the practitioner need not perform procedures beyond the procedures agreed to and acknowledged by the engaging party to be appropriate for the intended purpose of the engagement. If, in connection with the application of the procedures and through the completion of the engagement, matters come to the practitioner's attention by other means that significantly contradict the subject matter referred to in the practitioner's report, the practitioner should discuss the matter with the engaging party and take appropriate action, including determining whether the practitioner's report should be revised to disclose the matter. While the reporting of these matters within the AUP report is at the practitioner's discretion, the practitioner still has an obligation to consider the associated risk/noncompliance as part of the audit.

If the practitioner has gained "knowledge of matters outside agreed-upon procedures" related to fraud, theft, or the pledge/loan/donation of public funds (LA

Const. Art. 7, Section 14⁴), and the practitioner does not include these matters in either the AUP report or in the audit report, the practitioner **MUST** contact the LLA to discuss before submitting the reports.

Applicability of AUPs – Local Governments and Quasi-Public Entities

These statewide AUPs are applicable to all local governments and quasi-public entities defined in R.S. 24:513(A)(1)(b) paragraphs i through iii and v as follows:

- i. An organization, either not-for-profit or for-profit, created by the state of Louisiana or any political subdivision or agency thereof, any special district or authority, or unit of local government to perform a public purpose.*
- ii. An organization, either not-for-profit or for-profit, that is a component unit of a governmental reporting entity, as defined under generally accepted accounting principles.*
- iii. An organization, either not-for-profit or for-profit, created to perform a public purpose and having one or more of the following characteristics:*
 - aa. The governing body is elected by the general public.*
 - bb. A majority of the governing body is appointed by or authorized to be appointed by a governmental entity or individual government official as a part of his official duties.*
 - cc. The entity is the recipient of the proceeds of an ad valorem tax or general sales tax levied specifically for its operations.*
 - dd. The entity is able to directly issue debt, the interest on which is exempt from federal taxation.*
 - ee. The entity can be dissolved unilaterally by a governmental entity and its net assets assumed without compensation by that governmental entity.*
- v. Any organization, either not-for-profit or for-profit, which is subject to the open meetings law and derives a portion of its income from payments received from any public agency or body.*

Applicability of AUPs –Not-for-Profit Entities

⁴ Article 7, Section 14 of the Louisiana Constitution prohibits the loan, pledge, or donation of funds, credit, property, or things of value (e.g. cash advances or non-business purchases, regardless of whether they were reimbursed).

These AUPs are applicable **to only the public funds** of not-for-profit entities defined in R.S. 24:513(B)(1)(b)(iv) as follows:

- iv. *Any not-for-profit organization that receives or expends any local or state assistance in any fiscal year. Assistance shall include grants, loans, transfers of property, awards, and direct appropriations of state or local public funds. Assistance shall not include guarantees, membership dues, vendor contracts for goods and services related to administrative support for a local or state assistance program, assistance to private or parochial schools except as provided in R.S. 17:4022, assistance to private colleges and universities, or benefits to individuals.*

In addition, these AUPs are applicable to the not-for-profit entities defined in paragraph iv above only if their revenues and other sources of **public funds** total at least \$500,000. Only those AUP areas applicable to **public funds** administered by the not-for-profit entity are required to be included in the scope of the AUP engagement. The [Reporting Requirements for Not-for-Profit Organizations](#) document may be useful in identifying public assistance, calculating revenues and other sources of funds, and determining which type of report not-for-profit entities are required to submit to the LLA.

Applicability of AUPs –Multi-State Entities

For **multi-state quasi-public and not-for-profit entities**, the AUPs are applicable for only Louisiana funds. For example, if a multi-state quasi-public entity with Louisiana offices has a payroll function that is not funded with Louisiana funds, then the payroll AUP section would not be applicable. However, if the New York office of a multi-state not-for-profit entity disburses Louisiana funds, then the non-payroll disbursements AUP section would be applicable.

Applicability of AUPs - Component Units

The scope of the AUPs applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity. However, entities that are discrete component units of a primary government and separately report to the LLA are individually subject to the AUPs. Discrete component units that separately report to the LLA but have portions of their operations performed by the primary government (payroll processing, for example) are exempt from those portions of the AUPs relating to the operations performed by the primary government: instead, AUPs performed at the primary government should address those areas.

AUP Exemption – Single Audit

If either a governmental, quasi-public entity or not-for-profit entity (collectively known as “local auditee”) has met the \$500,000 Audit Law threshold, and all or part of the entity’s public funds are federal major program funds (either direct or pass-through) tested under the entity’s Single Audit during the fiscal period, the entity may exclude those AUP categories that are covered under federal program testing, regardless of whether the federal program testing includes the same procedures or sample sizes. For example, a not-for-profit entity that has one federal program subject to Single Audit testing may exclude credit cards, travel expenditures, non-payroll disbursements, contracts, and payroll and personnel if these areas are subject to testing under Allowable Costs and Procurement in the OMB Compliance Supplement; however, the entity would still be subject to other AUP areas that are not addressed in the OMB Compliance Supplement (e.g., board or finance committee, bank reconciliations). However, an entity that has other public funds not subject to testing under the Single Audit must still test those funds under the AUPs. In that situation, we recommend selecting sample sizes for the applicable AUP categories from the overall population of transactions and then removing those sample items that fall within Single Audit testing. Alternatively, the practitioner could apply a pro-rata ratio to the AUP sample sizes to accomplish the same goal.

AUP Exemption – School or Student Activity Funds

School or student activity fund accounts may be excluded from testing under the AUPs if they are otherwise addressed in a separately contracted audit or agreed-upon procedures engagement (which does not have to include the same procedures as in the AUPs). In this situation, the audit or agreed-upon procedures report is required to be submitted to the LLA as a separate engagement and is not required to be included in the pdf file with the practitioner’s audit/AUP report.

AUP Exemption – Coronavirus State and Local Fiscal Recovery Funds Recipients (CSLFR)

LLA does not require a local auditee to provide for the statewide agreed-upon procedures report for fiscal years in which the local auditee would be required to provide for a review/attestation report, if not for the receipt of CSLFR funds (Assistance Listing Number 21.027) as explained in [Audit Risk Alert 46](#).

Other Entities Exempt from the AUPs

State entities whose financial information is included in the Annual Comprehensive Financial Report of the State of Louisiana are exempt from the statewide AUPs in this document.

Private and parochial schools, as well as university foundations, facility corporations, and booster associations, are specifically excluded by law from having to provide audit reports to the LLA and are exempt from the AUPs. Real estate for-profit limited partnership entities are exempt from the AUPs based on the nature of their operations.

Statewide AUPs Compared with Other Required AUP Types

Please note that the statewide AUPs included in this document apply only to local governments and quasi-public entities that meet the requirement to have an audit under the Audit Law. The LLA also has 3 other types of agreed-upon procedures engagements that should not be confused with the statewide AUPs, as follows:

- State entity (not “statewide”) agreed-upon procedures are required for certain engagements for entities that are included in the state’s Annual Comprehensive Financial Report. These engagements are contracted directly by the LLA’s Financial Audit Services group and do not apply to local governments or quasi-public entities.
- Review/Attest engagements include agreed-upon procedures for local governments and quasi-public entities that differ from the statewide AUPs and apply only to those entities that receive public funds of at least \$200,000 but not more than \$499,999.
- Department of Education Performance Measures AUPs are required for school boards and charter schools.

More than one set of agreed-upon procedures may be required, depending on whether each criterion above has been met. For example, a parish school board with public funds of \$500,000 or greater would be subject to both the statewide AUPs and the Department of Education Performance Measures AUPs.

Options and Alternatives

The practitioner may avoid duplication of existing audit procedures by using the same transactions for both audit and AUP purposes. For example, if the AUPs indicate that 10 random transactions should be selected and the practitioner would otherwise plan to test 25 random transactions as part of the entity’s audit, the practitioner may use the same 10 transactions for both the audit and the AUP engagement.

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month “fiscal period” that does not coincide with the entity’s fiscal year, as long as the 12-month fiscal period is no more than 3 months prior to the end of the entity’s fiscal year. For example, the practitioner may perform AUPs for the fiscal period

April 1, 2024 through March 31, 2025 for an entity with a fiscal year ending June 30, 2025. All AUPs will reference “fiscal period” to mean the 12-months covered by the AUPs. If the entity elects to change its “fiscal period,” the subsequent year of AUP testing must not leave a gap between fiscal periods. For example, a change from a March 31 fiscal period end to a June 30 fiscal period end would require a 15-month AUP engagement in the year of change.

Using the Work of Internal Auditors or Other Practitioners

In compliance with SSAE 19, the procedures to be enumerated or referred to in the practitioner’s report should be performed by the engagement team or other practitioners and not by internal auditors.

Internal auditors may prepare schedules and accumulate data or provide other information for the practitioner’s use in performing the procedures. Also, internal auditors may perform and report separately on procedures that they have carried out. Such procedures may be similar to those that a practitioner may perform under this section.

A practitioner may perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may do the following:

- Repeat all or some of the procedures, or
- Determine whether the internal auditor’s documentation indicates procedures performed and whether the findings documented are presented in a report by the internal auditors.

It is inappropriate for the practitioner to do the following:

- Merely read the internal auditors’ report solely to describe or repeat their findings;
- Take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner’s own; or
- Report in any manner that implies shared responsibility for the procedures with the internal auditors.

The practitioner must include a copy (or copies if the internal auditor has multiple reports that address AUP procedures) of the internal auditor’s procedures performed and findings observed when submitting the audit report and AUP report to the LLA. In this situation, all three reports should be submitted to the LLA as one pdf file, and all three reports will be issued by the LLA as a public document. If the practitioner

believes the AUPs collectively cannot be performed based on the nature of the entity's operations, please contact the LLA to request an exemption to the AUPs. If a specific procedure cannot be performed based on the nature of the entity's operations, an equivalent procedure may be substituted (e.g., alternate sampling population, alternate method of compiling documentation) at the practitioner's discretion. The substitute procedure is required to be included in the AUP report in place of the original procedure, and this change in procedures may require the practitioner to update his or her client engagement agreement accordingly.

Special Consideration for School Boards

For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited. The practitioner is required to test documentation at the secretary/bookkeeper level only and is not required to test for completeness of revenues relative to classroom collections by teachers.⁵

⁵ This exclusion would also apply to procedure #4D(i) below.

PROCEDURES

Report all findings to the following procedures, either after each procedure or after all procedures, within each of the fourteen AUP categories. "Random" selections may be made using Microsoft Excel's random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:⁶
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

⁶ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***⁷, 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.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee⁸

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

⁷ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

⁸ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds⁹, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds¹⁰ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.¹¹

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts¹² (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

⁹Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

¹⁰ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

¹¹ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

¹² Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)¹³

- A. Obtain a listing of deposit sites¹⁴ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁵ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or

¹³ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

¹⁴ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁵ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
 - i. Observe that receipts are sequentially pre-numbered.¹⁶
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt¹⁷ 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

¹⁶ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

¹⁷ As required by Louisiana Revised Statute 39:1212.

- ii. At least two employees are involved in processing and approving payments to vendors;
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT)¹⁸, wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

¹⁸ Electronic disbursements do not include transfers from one bank account to another within the agency (i.e. operating account to payroll account).

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁹. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)²⁰. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

¹⁹ Including cards used by school staff for either school operations or school activity fund operations.

²⁰ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #6B were fuel cards, procedure #6C would not be applicable.

7) Travel and Travel-Related Expense Reimbursements²¹ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law²² (e.g., solicited quotes or bids, advertised), if required by law;

²¹ Non-travel reimbursements are not required to be inspected under this category.

²² If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" (R.S. 38:2211 *et seq*) with "Louisiana Procurement Code."

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials²³ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials²⁴ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

²³ "Officials" would include those elected, as well as board members who are appointed.

²⁴ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

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

10) ***Ethics***²⁵

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) ***Debt Service***²⁶

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

²⁵ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁶ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

12) Fraud Notice²⁷

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

²⁷ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs. The notice is available for download at www.lla.la.gov/hotline

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267²⁸. The requirements are as follows:

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

14) Prevention of Sexual Harassment²⁹

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

²⁸ While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

²⁹ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

COMMERCIAL LEASE AGREEMENT

THIS LEASE, dated the 4TH day of June, 2025, by and between City of Baker School System (hereinafter "LESSOR") and Board of Directors of Education Explosion, Inc. d/b/a Impact Charter School (hereinafter "LESSEE").

WITNESSETH:

LEASED PREMISES: In consideration of the rental stated herein and their mutual covenants, LESSOR leases to LESSEE and LESSEE leases from LESSOR, on the terms and conditions herein, the following described premises: 3750 Harding Street Baker, LA 70714 (See Exhibit A.)

1. **TERM:** The term of this lease is 11 months commencing August 1, 2025, and expiring June 30, 2025.
2. **RESERVED.**
3. **RENTAL:** LESSEE agrees to pay to LESSOR, without deduction, set off, prior notice, or demand, rental during said term, payable on the first day of each month in advance monthly installments. The rental amount of \$20,000.00 Dollars per month.

Monthly installment shall be due and payable on or before the first day of each calendar month succeeding the Commencement Date during the demised term. LESSEE will also pay monthly its pro rata share of property taxes, insurance, and CAM outlined herein.

All rentals due under this lease are payable to the order of City of Baker School System and delivered to LESSOR at 14750 Plank Road, Baker, LA 70714 or as LESSOR or its successor representative may hereafter from time to time designate in writing.

4. **RESERVED.**
5. **PURPOSE & USE:** LESSEE shall occupy the Leased Premises throughout the full term of the lease, and the principal business to be conducted is described as a school but for no other purpose that is illegal nor in any manner creating a nuisance or trespass. Neither sidewalks nor loading docks nor any other outside area shall be used for sale, storage or display in any manner whatsoever. LESSEE agrees to comply with (and to indemnify LESSOR from any violation of) all laws or ordinances relative to LESSEE's use of the Leased Premises.
6. **COMPLIANCE WITH LAWS & REGULATIONS:** LESSEE shall at its own cost and expense obtain any and all licenses and permits necessary of any such use. LESSEE shall comply with all governmental laws, ordinances and regulations applicable to the use of the Leased Premises, and shall promptly comply with *all* governmental orders and directives for the corrections, preventions and abatement of nuisances in, upon, or connected with Leased Premises, all at LESSEE'S sole expense. Without LESSOR'S prior written consent LESSEE shall not receive, store or otherwise handle any product, material or merchandise

which is explosive or highly inflammable, or considered to be a Hazardous Material (see "Hazardous Materials" below). LESSEE will not permit the Leased Premises to be used for any purpose or in any manner which would render the insurance thereon void or the insurance risk more hazardous.

7. **HAZARDOUS MATERIALS:** As used in this Lease, the term, "Hazardous Material" means any flammable item, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations, including without limitation petroleum-based products, paints, solvents lead cyanide, DOT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons. LESSEE shall not cause or permit any Hazardous Material to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Leased Premises by LESSEE, its agents, employees, contractors, sublessees or invitees without the prior written consent of LESSOR.

LESSOR shall be entitled to take into account such other factors or facts as LESSOR may reasonably determine to be relevant in determining whether to grant or withhold consent to LESSEE'S proposed activity with respect to Hazardous Material. In no event, however, shall LESSOR be required to consent to the installation or use of any storage tanks on the Property.

8. **ACCEPTANCE OF PREMISES CONDITION & SUITABILITY.** LESSEE hereby accepts the Leased Premises in its existing condition (except as provided in Section 10 and 11) and assumes responsibility for the condition of the Leased Premises. Any improvements or alterations desired by LESSEE shall be at LESSEE'S cost, with LESSOR'S prior written approval, except as hereinafter provided.

9. **RESERVED.**

10. **ALTERATIONS:** All alterations, replacements and improvements made upon the Leased Premises during the lease including lighting, electrical wiring, office partitions, all heating and air conditioning, shall be done only with the prior express written consent of LESSOR and shall become the property of LESSOR upon the expiration of the lease. However, those certain trade fixtures, machinery and equipment installed by LESSEE solely for use in his business shall remain the property of LESSEE; such trade fixtures, machinery and equipment installed by LESSEE shall be removed at the expiration date of the lease, provided the lease not then be in default, and provided the premises are returned to the same condition as when let, ordinary wear and tear excepted; in the event LESSEE fails to remove any such fixtures, machinery or equipment installed by it, LESSOR may at their option and at LESSEE'S expense demolish, remove and dispose of all such items or may retain as property of LESSOR without reimbursement to LESSEE. LESSEE undertakes

that no lien privilege or claim of any kind shall rest against the Leased Premises from any repairs, alterations additions, or improvements, or from the construction of any building or buildings; and agree to furnish, at its own cost, to LESSOR, upon LESSOR'S request therefor, the bond of a responsible surety company, qualified to do business in the State of Louisiana, and reasonably acceptable to LESSOR, conditioned to hold LESSOR and the Leased Premises harmless against any such lien, privilege, or claim, said bond to be for an amount equal to the estimated cost of such construction, restoration, alterations, additions or improvements. No consent of LESSOR for LESSEE to make improvements or repairs to the premises shall be deemed to permit LESSOR'S interest to become subject to labor or material liens and privileges. All of LESSEE'S work will be performed by a licensed professional and will adhere to all applicable codes.

11. **LESSEE'S SIGNS & SIGN REMOVAL:** Unless otherwise agreed in this lease, LESSEE shall not be permitted to place any signs on the Leased Premises without LESSOR'S prior written approval, such approval shall not be unreasonably withheld. Upon termination of this lease, LESSEE shall remove any sign, advertisement or notice painted on or affixed to the leased premises and restore the place it occupied to the condition in which it existed as of the date of this lease. Upon LESSEE'S failure to do so, LESSOR may do so at LESSEE'S expense.
12. **UTILITIES:** All utility charges on the Leased Premises, beginning from the effective date of this Agreement, shall be paid by LESSEE, including cost of electricity, water, gas (if applicable), garbage pickup, pest control, sewer and any special fees. In the event the Leased Premises constitute a portion of a multiple occupancy building and a utility is not separately metered, LESSEE will pay a proportionate share of the cost for that utility, such share calculated on the basis of the space occupied by LESSEE as compared to the entire rentable space contained in the building.
13. **MAINTENANCE AND REPAIR BY LESSEE:** LESSEE will at LESSEE'S sole expense keep and maintain in good repair the entire Leased Premises including without limitation interior walls, floors, ceilings, ducts, utilities, air conditioning, heating and lighting and plumbing and also including any loading dock(s) and any parking area exclusively used by LESSEE.

It is specifically acknowledged that safety and replacement of the plate glass is LESSEE'S responsibility, as well as keeping pipes from freezing in the winter.

LESSEE shall immediately repair any damages caused by LESSEE. LESSEE shall also maintain a high degree of neatness and cleanliness. If LESSEE does not correct the damages and/or clean the Leased Premises within five (5) days of written notification by LESSOR, LESSOR may proceed with repairs and/or clean-up at LESSEE's expense.

LESSEE agrees not to store merchandise or leave trash outside the Leased Premises. All trash shall be kept in containers. Should LESSEE be in default in the requirements of this provision, LESSOR may, after notice to LESSEE, remedy such default at LESSEE'S

expense, and such expense shall be treated as additional rental due under this lease by LESSEE.

LESSEE shall at all times during the full term of this lease and during the full term of any extensions, holdovers or other rental agreements, carry and maintain at its own cost and expense a maintenance contract with a reputable heating and air conditioning company. Said contract shall provide for the quarterly maintenance of the heating and air conditioning system and such contract may remain in the possession of the LESSEE, provided that LESSEE furnish satisfactory evidence of such contract to LESSOR, or its agent if so designated.

14. **MAINTENANCE AND REPAIR BY LESSOR:** LESSOR shall be responsible only to maintain and perform repairs to the roof, foundations, and outside walls (not including doors and floors) of the Leased Premises, and all other parts of and equipment serving the Leased Premises shall be LESSEE's responsibility. However, LESSOR shall not be obligated to make any repair to such roof, foundations, and outside walls unless it shall be notified in writing by LESSEE of the need of such repair and shall have had a reasonable period of time to make such repair, and shall not be liable to make any repair to the roof, foundations, or outside walls occasioned by LESSEE's acts or negligence. LESSOR shall not be liable for any damage or loss in consequence of defects in the Leased Premises causing leaks, stoppage of water, sewer, drains or any other defects about the building and Leased Premises, unless such damage or loss is caused by defects in the roof, foundations, or outside walls (not including doors and floors) that LESSOR shall have failed to repair within a reasonable time following written demand of LESSEE to do so. Where contractors' or manufacturers' warranties are applicable to parts of the Leased Premises other than the roof, foundations, or outside walls, and the LESSEE has advised the LESSOR in writing of the need for enforcement of such warranties, the LESSOR, at its option, will either enforce such warranties for LESSEES benefit at LESSEE'S expense, or assign such warranties to LESSEE for LESSEE to enforce at LESSEE'S expense.
15. **AMERICANS WITH DISABILITIES ACT OF 1990:** LESSEE shall be responsible for, and shall bear all costs and expenses associated with, any and all alterations to the Leased Premises which may be required by any change to the Americans with Disabilities Act of 1990 (the "**ADA**"), after the Commencement Date for the accommodation of disabled individuals who may be employed from time to time by LESSEE, or any disabled customers, clients, guests, or invitees or sublessees. LESSEE shall indemnify and hold LESSOR harmless from and against any and all liability incurred arising LESSEE'S obligations under this Section to conform the Premises to the ADA, including the cost of making any alterations, renovations or accommodations required by the ADA, or any government enforcement agency, or any courts, any and all fines, civil penalties, and damages awarded against LESSOR (or those awarded against LESSEE which could become a lien upon the property upon which the Premises are located) resulting from a violation or violations of the ADA, and all reasonable legal expenses and court costs incurred in defending claims made under the ADA, including without limitation reasonable consultants', reasonable attorneys' and paralegals' fees, expenses and court costs. In no way is LESSEE liable for the failure of the Premises to be in compliance with the ADA as of

the Commencement Date

16. INSURANCE AND INDEMNITY:

- A. Liability and Property Damage: LESSEE shall at all times during the full term of this lease and during the full term of any holdovers or other rental agreements, carry and maintain at its own cost and expense, General Public Liability Insurance against claims for personal injury or death and property damage occurring on the Leased Premises, such insurance to afford protection to both LESSOR and LESSEE, as their interests may appear, including coverage for the contractual liability of LESSEE to LESSOR assumed hereunder, and is to be maintained in reasonable amounts, having regard to the circumstances, and the usual practice at the time of prudent owners and lessees of comparable facilities in the Baton Rouge Metropolitan Area, but in no event in amounts less than \$1,000,000 with respect to bodily injury or death to any one person, \$1,000,000 with respect to any one accident, and for property damage not less than \$1,000,000. LESSEE shall deliver to LESSOR evidence of liability and property damage insurance in the limits heretofore proscribed; and shall name LESSOR as additional insured; said evidence to be delivered promptly upon the execution of this lease and when applicable, all renewals thereof.
- B. Property Insurance: LESSEE shall also obtain and keep in force during the Lease Term, at LESSEE'S expense, "All Risk" insurance coverage, which shall include fire and extended coverage and coverage for sprinkler leakage. This policy shall insure all personal property of every description and kind owned by the LESSEE and located in the Building, and all fittings, installations, fixtures, carpeting, flooring, and other leasehold improvements made by LESSOR or LESSEE as the case may be, in an amount deemed commercially for their full replacement value. Such insurance shall name LESSOR as an additional insured. LESSEE agrees to look solely to such insurance as compensation for any losses to LESSEE'S personal property sustained in the Leased Premises for any reason except LESSOR'S gross negligence or willful misconduct, and agrees to hold LESSOR harmless for same.
- C. Other Forms Of Insurance: LESSEE shall also obtain and keep in force during the Lease Term, at LESSEE'S expense (i) worker's compensation and employer's liability insurance, in statutory amounts and limits, covering all persons employed in connection with any work done on or about the Leased Premises for which claims for death or bodily injury could be asserted against LESSOR, LESSEE or the Premises, (ii) business interruption, loss of income and extra expense insurance covering all perils, failures or interruptions, and (iii) any other forms of insurance as LESSEE or LESSOR or the mortgagees of LESSOR may reasonably require from time to time, in form, amounts and for insurance risks against which a prudent LESSEE would protect itself, but only to the extent such risks and amounts are available in the insurance market at commercially reasonable costs.
- D. Fire and Extended Coverage: LESSOR shall, at all times during the full term of this lease, keep all improvements (other than those removable installations which by

the terms of this lease LESSEE would be permitted to remove at expiration of this lease) in and on the Leased Premises insured to one hundred percent (100%) of the full replacement value thereof against loss by fire and extended coverage (including loss of rent insurance) and maintain such insurance at all times as specified herein. LESSEE shall pay each month as additional rent one-twelfth of LESSEE'S pro rata share of LESSOR'S insurance premium attributable to the full insurable value of the improvements covered by this lease.

- E. Placement of Insurance: Insurance required by LESSEE hereunder shall be in companies rated A- or better as rated by A.M. Best Company or which is otherwise acceptable to LESSOR and licensed to do business in the State of Louisiana and shall name LESSOR as an additional insured under such policy. LESSEE shall deliver to LESSOR prior to taking possession of the Leased Premises copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable and additional insured clauses reasonably satisfactory to LESSOR. Failure to deliver such policies, or LESSOR'S failure to request such policies, shall not negate LESSEE's insurance obligations under this Section. All insurance required by LESSEE hereunder shall be primary as to all claims thereunder and provide that any insurance carried by LESSOR is excess and is non-contributing with any insurance requirement of LESSEE. No such policy shall be cancelable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to LESSOR. LESSEE shall, prior to the commencement date and at least thirty (30) days prior to the expiration of such policies, furnish LESSOR with copies of all policies or certificates thereof. If LESSEE shall fail to procure and maintain the insurance required hereunder, or to deliver such policies or certificates, LESSOR, at its sole election may:
- (i) procure such insurance and charge the cost thereof to LESSEE, which amount, together with interest thereon at the interest rate set forth in Section 34 below, shall be Additional Rent and shall be payable within five (5) days after delivery to LESSEE of bills therefore, or
 - (ii) deny LESSEE the right to occupy the Leased Premises until such time as LESSEE deliver such policies or certificates (which denial shall have no effect upon the commencement date or expiration date). LESSEE shall not do or permit to be done anything, which shall invalidate the insurance policies referred to in this Section. LESSEE shall forthwith, upon LESSOR'S demand, reimburse LESSOR for any additional premiums attributable to any act or omission or operation of LESSEE causing an increase in the cost of insurance.
- F. Voiding Insurance: LESSEE will not permit the herein Leased Premises to be used for any purpose which would render the insurance thereon void.
- G. Indemnity: LESSEE shall and will forever indemnify and save harmless LESSOR from and against any and all liability, penalties, expense, cause of action, suits, claims or judgements for death, injury, or damages to persons or property during the term of this lease while on or arising out of the use, occupation, management or

control of the Leased Premises, adjacent property, streets and sidewalks, or any act of operation on any thereof, or growing out of the demolition, construction alteration or repair of any building thereon in any case without regard to whether such death, damage or injury resulted from the negligence of LESSEE or its subleases or their respective agents or employees or otherwise. LESSEE shall and will, at its own expense, defend any and all suits that may be brought against LESSOR, or any of them, or in which LESSOR, or any of them, may be impleaded with others, upon any such above mentioned claim or claims, and shall and will satisfy, pay and discharge any and all judgments that may be recovered against LESSOR, or any of them, in any such action or actions in which LESSOR, or any of them, may be a party defendant.

17. ACTS OF LESSEE AFFECTING INSURANCE: LESSEE shall not do or cause or suffer anything to be or remain on or about the Leased Premises or carry on or permit upon the Leased Premises any trade or occupation or suffer to be done anything whereby the policy or policies of fire or other casualty insurance covering the Leased Premises shall become void or suspended or that may render an increased or extra premium payable for the insurance of the Leased Premise against fire and the hazards insured under extended coverage, unless such thing or activity is consented to in writing by the LESSOR, and even if LESSOR consents to such thing or activity, LESSEE shall pay such increased or extra premium from time to time, on each occasion within ten (10) days after LESSEE shall have been advised of the amount thereof. Should LESSEE'S occupancy cause LESSOR to be unable to obtain fire or other casualty insurance covering the Leased Premises, LESSOR shall have the right to terminate this Lease upon giving LESSEE not less than ten (10) days prior notice, and LESSEE shall be and remain liable to LESSOR for all damages payable upon a default termination under Section 30 hereof. LESSEE shall notify LESSOR at any time the Leased Premises will become unoccupied so that LESSOR may obtain necessary vacancy permits from LESSOR's insurer.

18. TAXES: In addition to the rental provided for hereinabove, LESSEE shall pay each month 1/12 of the pro rata share of real estate taxes and assessments, general and special, levied or imposed, with respect to said building, which for the purposes hereof shall be deemed to include related parking facilities and all the improvements to the Leased Premises, including, without limitation, all land, buildings, and improvements forming a part thereof, which tax and assessment amount will be as estimated by LESSOR. In January of each year, LESSOR shall furnish LESSEE with a statement setting forth the amount of tax levied against the leased Premises, the LESSEE's share of said tax, and the amount paid by the LESSEE on account of said tax during the prior year. Said statement shall include a copy of the tax bills for the year. If the statement discloses an overpayment by the LESSEE, the statement will include a check for the overpayment. If the statement discloses an underpayment by LESSEE, then LESSEE will pay the deficiency within ten (10) days after its receipt of the statement.

In addition to all other payments required to be paid by LESSEE to LESSOR, LESSEE shall pay in the same manner as set forth in the preceding paragraph all rents, sales and use taxes, if any, levied or imposed with respect to the Leased Premises or this lease and all

other taxes, charges, assessments and governmental impositions, extraordinary or otherwise, of every nature and kind, which may, during the lease term, be assessed, levied, or imposed, upon the Leased Premises, or any part thereof, or any improvements thereon, or the leasing thereof, provided only that nothing herein contained shall be construed to require LESSEE to pay any inheritance, estate, or income tax imposed upon LESSOR.

19. **DAMAGE AND DESTRUCTION:** In case the said Leased Premises shall be so damaged by fire or other cause as to be rendered untenable and necessary repairs cannot be made within 180 days, this lease shall terminate as of the time the Leased Premises were rendered untenable. However, if the damage is such that repairs can be completed within 180 days, LESSOR agrees to make such repairs promptly, and to allow LESSEE an abatement in rent for such time as the Leased Premises remains untenable. In the event of partial loss, the rent shall be abated by the proportion of the Leased Premises rendered unfit for use.
20. **WAIVER OF SUBROGATION:** Neither the LESSOR nor the LESSEE shall be liable to the other for the loss arising out of damage to or destruction of the Leased Premises, or the building or improvements of which the Leased Premises are a part thereof, when such loss is caused by any of the perils which are or could be included within or are insured against by a standard form of fire insurance with extended coverage, including sprinkler leakage insurance, if any. All such claims for any and all loss, however caused hereby are waived. Said absence of liability shall exist whether or not the damage or destruction is caused by the negligence of either LESSOR or LESSEE or by any of their respective agents, servants or employees. It is the intention and agreement of the LESSOR and the LESSEE that the rentals reserved by this lease have been fixed in contemplation that each party shall fully provide his own insurance protection at his own expense, and that each party shall look to his respective insurance carriers for reimbursement of any such loss, and further, that the insurance carriers involved shall not be entitled to subrogation under any circumstances against any party to this lease, either the LESSOR nor the LESSEE shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof unless specifically covered therein as a joint assured.
21. **LESSOR RIGHT OF ENTRY:** LESSOR may enter the premises at reasonable times with advance notice to LESSEE to inspect the same, to make repairs and alterations, or to run pipe or electric wire, as LESSOR may deem necessary and appropriate provided that LESSOR will not unduly inconvenience LESSEE'S business.
22. **QUIET POSSESSION:** LESSOR agrees to warrant and defend LESSEE in its quiet and peaceful possession of the Leased Premises so long as the lease is not in default.
23. **CONDEMNATION:** If all of the Leased Premises are taken by condemnation or eminent domain proceedings, or if so much of the Leased Premises are so taken that the remainder is wholly inadequate for LESSEE'S business purposes (a "Total Taking"), this Lease shall terminate. If the taking is not sufficiently extensive to constitute a Total Taking, and if the taking includes a part of the building, then LESSEE's rent shall be reduced in the proportion that the space in the building taken bears to the building space that was originally leased. If the taking does not include a part of the building, then rent will not be reduced by the

taking so long as all parking spaces located on the Leased Premises that are lost by the taking are replaced by new parking spaces that serve the building, and if such parking spaces are not replaced, then rent shall be reduced in an amount that is appropriate to compensate LESSEE for the lost parking facilities. In such condemnation proceedings, LESSEE may claim compensation for moving expenses and for the taking of any removable installations which by the terms of this Lease, LESSEE would be permitted to remove at the expiration of this Lease, if such award is separately allowed by the condemning authority, but LESSEE shall be entitled to no additional award, and LESSEE hereby waives all right to proceed for, the loss of its leasehold interest, it being agreed that all damages recoverable by reason of the value of the Leased Premises will belong and be payable to the LESSOR.

24. **SUBORDINATION; ESTOPPEL CERTIFICATES:** This Lease is subject and subordinate to any mortgage that now or hereafter encumbers or affects the Leased Premises or any part thereof. This clause shall be self-operative and no further instrument of subordination need be required by the mortgagee. In confirmation of such subordination, however, LESSEE shall, at LESSOR'S request, promptly execute any appropriate certificate or instrument that LESSOR may request, provided that such certificate or instrument contains an agreement by the mortgagee that so long as LESSEE is not in default under this Lease, such mortgagee will not disturb LESSEE'S possession of the Leased Premises. In the event of the enforcement by any mortgagee of the remedies provided for by law or by such mortgage or ground lease, LESSEE will, upon request of any person or party succeeding to the interest of LESSOR as a result of such enforcement, automatically become the LESSEE of such successor in interest without change in the terms or other provisions of this Lease. Upon request by such successor in interest, LESSEE shall execute and deliver an instrument or instruments confining the attornment provided for herein. At either party's request, the other party will execute an estoppel certificate or a three-party agreement certifying that this Lease is in effect, if, in fact, it is in effect. and further certifying that, to the best knowledge of the party giving the certificate, there are no defaults hereunder other than those set out in such certificate.
25. **ASSIGNMENT OR SUBLETTING:** This lease may not be assigned, and the Leased Premises may not be sublet, partially or fully, without prior written consent of LESSOR; such consent shall not be unreasonably withheld. Even in the event of permitted assignment or sub-letting, LESSEE acknowledges that it shall remain fully responsible for compliance with all terms of the lease. Any sub-lessee occupying any part of this space, shall by the act of subletting formally or informally, assume all obligations of LESSEE, whether or not LESSOR knew of or approved or disapproved of such sub-letting.
26. **DELIVERY AT EXPIRATION OF LEASE:** At expiration of this lease, LESSEE shall redeliver to LESSOR the Leased Premises in good order and condition clear of all goods and broom cleaned and shall make good all damages to the premises, usual wear and tear damage by the elements excepted, and shall remain liable for holdover rent until the premises with keys shall be returned in such order to LESSOR, provided, however, that the assessment of such holdover rent will not deprive LESSOR of the right to require that LESSEE vacate the Leased Premises immediately upon lease termination, and LESSOR

will have and retain the right to commence immediate eviction proceedings or take such other steps as are necessary to secure the removal of LESSEE from the Leased Premises. No demand or notice of such delivery shall be necessary, LESSEE expressly waiving all notices and legal delays. In addition, LESSOR may require LESSEE to remove all and any alterations, additions or improvements (whether or not made with LESSOR'S consent) prior to the expiration of the Lease and to restore the Property to its prior condition, all at LESSEE'S expense. All alterations, additions and improvements which LESSOR has not required LESSEE to remove shall become LESSOR'S property and shall be surrendered to LESSOR upon the expiration or earlier termination of the Lease. To the extent applicable, all obligations of LESSEE contained in this Article shall survive the expiration or other termination of the terms of this lease.

27. **LATE CHARGES:** LESSEE'S failure to pay rent promptly may cause LESSOR to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to processing and accounting charges and late charges which may be imposed on LESSOR by any ground lease, mortgage or trust deed encumbering the Leased Premises. Therefore, if LESSOR does not receive any rent payment within ten (10) days after it becomes due, LESSEE shall pay LESSOR a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs LESSOR will incur by reason of such payment.
28. **LEASE HOLDOVER:** Should LESSEE remain on the Leased Premises after expiration of this lease agreement, LESSOR has the option to interpret such actions as creating a month-to-month lease at a rental of fifty percent (50%) higher than that payable for the last month of the lease term, or to consider the holding over a trespass. Only a new signed lease or extension agreement shall deprive LESSOR of the choice of action.
29. **DEFAULT BY LESSEE:** Should LESSEE fail to pay any of the rentals provided for herein promptly on the day when the same shall become due and payable hereunder, and shall continue in default for a period of five (5) days after written notice thereof by LESSOR, or should LESSEE fail to comply with any of the other obligation of this lease, within ten (10) days from the mailing by LESSOR of notice demanding same, or in the event of LESSEE'S bankruptcy, receivership, insolvency, or assignment for the benefit of creditors, or the attachment of the contents of the Leased Premises by law, or LESSEE'S failure to maintain a going business in the Leased Premises, then LESSOR shall have the right, at LESSOR'S option (a) to cancel this lease, in which event there shall be due to LESSOR as liquidated damages, a sum equal to the amount of the guaranteed rent for one year, or alternatively at LESSOR'S option to be reimbursed all actual cost incurred in reentering, renovation and re-letting said premises; (b) to accelerate all rentals due for the unexpired remaining term of this lease and declare same immediately due and payable; and/or (c) to sue for the rents in intervals or as the same accrues.

The foregoing provisions are without prejudice to any remedy which might otherwise be used under the laws of Louisiana for arrears of rent or breaches of contract, or to any lien to which LESSOR may be entitled.

If LESSEE has taken steps to cure any default not curable in ten (10) days, such additional reasonable time as is necessary to cure such default shall be granted LESSEE.

Should LESSOR terminate this lease as provided in this article, LESSOR may re-enter said Leased Premises and remove all persons, or personal property, without legal process, and all claims for damages by reason of such reentry are expressly waived.

IN THE EVENT LESSOR PROCEEDS WITH AN EVICTION OF LESSEE, LESSEE SPECIFICALLY WAIVES ITS RIGHT TO NOTICE, AND LESSOR MAY PROCEED WITH EVICTION OF LESSEE WITHOUT ISSUANCE OF A NOTICE TO VACATE PURSUANT TO LOUISIANA CODE OF CIVIL PROCEDURE ARTICLE 4701. UNDER LOUISIANA CODE OF CIVIL PROCEDURE ARTICLE 4731, LESSEE AUTHORIZES LESSOR TO PROCEED WITHOUT SUCH NOTICE, AND CONSENTS TO BEING CITED SUMMARILY TO SHOW CAUSE WHY LESSEE SHOULD NOT BE ORDERED TO DELIVER POSSESSION OF THE PREMISES TO LESSOR. LESSEE'S WAIVER OF NOTICE AND CONSENT TO A SUMMARY PROCEEDING SHALL SURVIVE TERMINATION OF THIS LEASE.

LESSOR'S failure to strictly and promptly enforce these conditions shall not operate as a waiver of LESSOR'S rights LESSOR hereby expressly reserving the right to always enforce prompt payment of rent, or to cancel this lease regardless of any indulgences or extensions previously granted.

30. **NO WAIVER:** Failure of LESSOR to declare immediately upon occurrence thereof or delay in taking any action in connection therewith shall not waive such default, but LESSOR shall have the right to declare default at any time; no waiver of any default shall alter LESSEE'S obligations under the lease with respect to any other existing or subsequent default.
31. **ATTORNEY'S FEES AND EXPENSES:** In the event it becomes necessary for either party to employ an attorney to enforce collection of the rents agreed to be paid, or to enforce compliance with any of the covenants and agreements herein contained, the unsuccessful litigant will be liable for reasonable attorney's fees, costs and expenses incurred by the other party.
32. **INTEREST ON PAST DUE OBLIGATIONS:** Any amount owed by LESSEE to LESSOR which is not paid when due shall bear interest at the rate of fifteen percent (15%) per annum from the due date of such amount. However, interest shall not be payable on late charges to be paid by Lessee under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Lessee under this Lease. If the interest rate specified in this lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by applicable law.
33. **ADVANCED PAYMENTS BY LESSOR:** Except as may expressly be provided in this Lease to the contrary, any amount paid by LESSOR on behalf of LESSEE in which

LESSEE is to reimburse LESSOR shall include in addition to the amounts advanced by LESSOR an administrative fee of ten percent (10%).

34. **LEASE COMMISSION:** The parties hereto acknowledge that there are no real estate brokers that represented LESSOR and/or LESSEE herein.
35. **DEFINITION OF TERM:** For all purposes of this lease, references to "Term" shall include not only the primary term as set forth on Page I hereof: but also any and all extensions or renewal periods, separately and cumulatively. References to dates or time periods in relation to expiration or termination shall relate not only to the expiration or termination of said primary term, but to the expiration or termination of any and all extensions or renewal periods which, at the time in question, shall then have been exercised to otherwise institute.
36. **ENTIRETY OF UNDERSTANDING IN WRITTEN LEASE:** It is agreed that the entire understanding between the parties is set out in the lease and any riders which are hereto annexed, and that this lease supersedes and voids all prior proposals, letters and agreements, oral or written.
37. **CONFLICTS:** If there is any conflict between the printed portions and the typewritten or handwritten portions, the typewritten portion shall prevail.
38. **BENEFITS OF PARTIES:** All of the provisions hereof shall be binding upon and shall inure to the benefit of LESSOR and LESSEE, their heirs, executors, administrators, successors, and assigns (as the case may be).
39. **GOVERNING LAW:** This Lease shall be governed by and construed in accordance with the laws of the State of Louisiana then in effect. LESSEE consents to personal jurisdiction and venue in the State of Louisiana and judicial district in which the Leased Premises is located.
40. **LEASE RECORDATION:** The parties to this lease may not record this lease; however, either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" or memorandum of this lease for purposes of recordation. The memorandum shall describe the parties, the Leased Premises, and the term of this lease, and shall incorporate this lease by reference.
41. **NOTICES:** Any notice or demand which, by provision of this Agreement, is required or permitted to be given or served by one party on the other shall be deemed to have been sufficiently given and served for all purposes (if mailed) five calendar days after being deposited, postage prepaid, in the United States Mail, registered or certified mail, or (if delivery by messenger, express courier or overnight courier) one business day after being delivered to such courier, or (if delivered in person) the same day as delivery, in each case addressed (until another address or addresses is given in writing by such party) as follows:

LESSOR: 14750 Plank Road

Baker, LA 70714

LESSEE: 4815 Lavey Lane
Baker, LA 70714

Such address may be changed by giving written notice to the other party in like manner.

42. **FOR SALE AND RENT SIGNS; INSPECTION BY PROSPECTS:** LESSOR shall have the right to place the usual "For Sale" signs on the leased premises at any time during the term of this lease and the usual "For Lease" signs on the leased premises during the last six (6) months of the term of this lease. LESSEE agrees to allow persons authorized by LESSOR to inspect the premises during the term of the lease. LESSEE agrees to allow persons authorized by LESSOR to inspect the leased premises during the term of this lease with the view of purchasing the same and during the last year of the term of this lease with the view of renting the same, such inspections to be at reasonable hours.
43. **REVIEW OF DOCUMENT:** Notwithstanding any provision to the contrary in this Agreement, the parties hereto acknowledge that (1) they have reviewed this Agreement in detail prior to execution of same, (2) they have had the opportunity to review this Agreement with their respective counsel.
44. **Reserved.**
45. **Reserved.**
46. **CORPORATE AUTHORITY; PARTNERSHIP AUTHORITY:** If LESSEE is a corporation, each person signing this Lease on behalf of LESSEE represents and warrants that he has full authority to do so and that this Lease binds the corporation. Within thirty (30) days after this Lease is signed, LESSEE shall deliver to LESSOR a certified copy of a resolution of LESSEE'S Board of Directors authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to LESSOR. If LESSEE is a partnership, each person or entity signing this Lease or LESSEE represents and warrants that he or it is a general partner of the partnership, that he or it has full authority to sign for the partnership and that this Lease bind the partnership and all general partners of the partnership. LESSEE shall give written notice to LESSOR of any general partner's withdrawal or addition. Within thirty (30) days after this Lease is signed, LESSEE shall deliver to LESSOR a copy of LESSEE'S recorded statement of partnership or certificate of limited partnership.

Signature Page to Follow:

IN WITNESS WHEREOF, the parties hereto have hereunto made this lease and set their hands to multiple originals in the Parish of East Baton Rouge, State of Louisiana, as to the day and year first above written.

LESSOR:

City of Baker School System

By: _____

Name: Monique Butler

Title: Registered Agent

LESSEE:

Board of Education Explosion, Inc. d/b/a Impact Charter
School

By: _____

Name:

Title: Registered Agent

EXHIBIT A

A certain tract or parcel of land in the Town of Baker, Parish of East Baton Rouge, State of Louisiana, containing Fourteen and 25/100 (14.025) Acres, and being a part of Lots Numbers 125, 126, 127, 128, 129, and 130 of BAKER LOTS AND ACRES, and lying in Section 41, Township 5 South, Range 1 West, and Section 48, Township 5 South, Range 1 East, Greenburg Land District of Louisiana, as shown on survey made by R. Swart, C. E. for East Baton Rouge Parish School Board, dated August 5, 1937, a blue line copy paraphed "Ne Varietur" of even date herewith is attached to this act of Sale for greater certainty of description, this property being more particularly described as follows:

Beginning at a point on the North line of Coolidge Street, marked by a concrete monument, which point is One Hundred forty-five (145') feet East of the Northeast corner of the Intersection of Coolidge and Myrtle Streets: thence Easterly along the North line of Coolidge street a distance of Eighty Hundred Eighty and 9/100 (880.09') feet to an iron pipe and corner and thence at right angles in a Northerly direction a distance of Six Hundred Seventy-five (675') feet, to an iron pipe on the South line of Harding Street and corner, thence in a Westerly direction along the South side of Harding Street, a distance of Eighty Hundred Eighty and 9/100 (880.09') feet to a concrete monument and corner and thence at right angles in a Southerly direction a distance of Six Hundred Seventy-five (675') feet to the POINT OF BEGINNING.