

Southwest Louisiana Charter Academy  
Foundation, Inc.

Combined Financial Statements  
For the Year Ended June 30, 2021



## Southwest Louisiana Charter Academy Foundation, Inc.

### Table of Contents

---

|   |       |
|---|-------|
| Independent Auditor's Report  | 1-2   |
| <b>Financial Statements</b>   |       |
| Combined Statement of Financial Position  | 3     |
| Combined Statement of Activities  | 4     |
| Combined Statement of Functional Expenses   | 5     |
| Combined Statement of Cash Flows  | 6     |
| Notes to Combined Financial Statements  | 7-18  |
| <b>Combining Individual Fund Financial Statements</b>   |       |
| Combining Statement of Financial Position   | 19    |
| Combining Statement of Activities   | 20    |
| Combining Statement of Cash Flows   | 21-22 |
| <b>Supplemental Information</b>   |       |
| Schedule of Expenditures of Federal Awards  | 23    |
| Notes to Schedule of Expenditures of Federal Awards   | 24    |
| Schedule of Board of Directors  | 25    |
| Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer   | 26    |
| <b>Internal Controls and Compliance</b>   |       |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 27-28 |
| Independent Auditor's Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance  | 29-30 |
| Schedule of Findings and Questioned Costs   | 31    |
| <b>Schedules Required by State Law<br/>(R.S. 24:514 - Performance and Statistical Data)</b>   |       |
| Independent Accountant's Report on Applying Agreed-Upon Procedures  | 32-34 |

**Southwest Louisiana Charter Academy Foundation, Inc.**

**Table of Contents  
(continued)**

---

|   |       |
|---|-------|
| Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data):                       | 35    |
| Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenues Sources | 36-37 |
| Schedule 2 - Class Size Characteristics   | 38    |



---

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Southwest Louisiana Charter Academy Foundation, Inc.  
Lake Charles, Louisiana

We have audited the accompanying combined financial statements of Southwest Louisiana Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2021, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CPA's + Trusted Advisors

## Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Charter Academy Foundation, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements on pages 19 through 22 and the Schedule of Board of Directors and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 25 and 26 are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The Performance and Statistical Data on pages 32 through 38 are not a required part of the combined financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Reports on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
December 30, 2021

# FINANCIAL STATEMENTS



**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Combined Statement of Financial Position**  
**June 30, 2021**

---

**Current Assets:**

|                             |                      |
|-----------------------------|----------------------|
| Cash and cash equivalents   | \$ 3,211,629         |
| Custodial funds - cash      | 56,343               |
| Grants receivable           | 1,032,368            |
| Accrued interest receivable | 42                   |
| Other receivables           | 2,675                |
| Prepaid items               | 106,607              |
| Restricted investments      | <u>3,614,757</u>     |
| <br>Total current assets    | <br><u>8,024,421</u> |

**Property and Equipment, Less Accumulated  
Depreciation of \$ 5,543,732**

33,451,045

**Other Assets:**

|                        |                      |
|------------------------|----------------------|
| Restricted investments | 3,028,510            |
| Deposits               | <u>8,626</u>         |
| <br>Total other assets | <br><u>3,037,136</u> |

Total assets \$ 44,512,602

**Current Liabilities:**

|                                       |                      |
|---------------------------------------|----------------------|
| Accounts payable and accrued expenses | \$ 1,561,535         |
| Salaries and wages payable            | 782,579              |
| Accrued interest payable              | 154,682              |
| Due to related party                  | 21,683               |
| Due to management company             | 191,353              |
| Custodial funds                       | 56,343               |
| Compensated absences                  | 27,724               |
| Bonds payable                         | <u>470,000</u>       |
| <br>Total current liabilities         | <br><u>3,265,899</u> |

**Noncurrent Liabilities:**

|  |                   |
|--|-------------------|
| Compensated absences   | 9,241             |
| Bonds payable, net of unamortized premium, discount and<br>bond issuance costs | <u>39,186,009</u> |

Total noncurrent liabilities 39,195,250

Total liabilities 42,461,149

**Commitments (Note 12)**

-

**Net Assets - Without Donor Restrictions**

2,051,453

Total liabilities and net assets \$ 44,512,602

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

**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Combined Statement of Activities Without Donor Restrictions**  
**For the Year Ended June 30, 2021**

---

**Operating:**

Support and Revenues:

Support:

|                            |                       |
|----------------------------|-----------------------|
| Contributions              | \$ 21,499             |
| Grants:                    |                       |
| Federal                    | 2,022,065             |
| State                      | 160,841               |
| Local                      | 13,173                |
| Minimum Foundation Program | <u>13,467,549</u>     |
| <br>Total support          | <br><u>15,685,127</u> |

Revenues:

|  |                    |
|--|--------------------|
| Gain on extinguishment of debt - Paycheck Protection Program | 488,087            |
| Before and aftercare fees                                    | 4,621              |
| Other revenue  | <u>51,565</u>      |
| <br>Total revenues   | <br><u>544,273</u> |

|                            |                   |
|----------------------------|-------------------|
| Total support and revenues | <u>16,229,400</u> |
|----------------------------|-------------------|

Expenses:

Program services:

|                        |                  |
|------------------------|------------------|
| Regular education      | 8,572,017        |
| Special education      | 1,642,522        |
| Other education        | 257,518          |
| Supporting services:   |                  |
| Management and general | <u>5,304,673</u> |

|                |                   |
|----------------|-------------------|
| Total expenses | <u>15,776,730</u> |
|----------------|-------------------|

|   |         |
|---|---------|
| Increase in net assets without donor restrictions from operations | 452,670 |
|---|---------|

**Non-operating:**

|   |                |
|---|----------------|
| Net investment income                                   | 6,702          |
| Net casualty gain on disposal of fixed assets (Note 16) | <u>623,469</u> |

|   |                |
|---|----------------|
| Increase in net assets without donor restrictions from non-operating activities | <u>630,171</u> |
|---|----------------|

|   |           |
|---|-----------|
| Change in net assets without donor restrictions | 1,082,841 |
|---|-----------|

|   |                |
|---|----------------|
| <b>Net Assets Without Donor Restrictions, Beginning of Year</b> | <u>968,612</u> |
|---|----------------|

|   |                                   |
|---|-----------------------------------|
| <b>Net Assets Without Donor Restrictions, End of Year</b> | <b>\$ <u><u>2,051,453</u></u></b> |
|---|-----------------------------------|

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



**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Combined Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

|                                | Program Services    |                     |                   | Supporting Services    | Total                |
|--------------------------------|---------------------|---------------------|-------------------|------------------------|----------------------|
|                                | Regular Education   | Special Education   | Other Education   | Management and General |                      |
| Salaries                       | \$ 4,792,160        | \$ 718,340          | \$ 185,745        | \$ 389,004             | \$ 6,085,249         |
| Interest                       | -                   | -                   | -                 | 2,684,887              | 2,684,887            |
| Contracted and vendor services | 540,558             | 96,316              | 11,170            | 805,988                | 1,454,032            |
| Benefits                       | 777,874             | 117,933             | 22,779            | 245,036                | 1,163,622            |
| Supplies and materials         | 310,467             | 384,237             | 1,484             | 77,233                 | 773,421              |
| Repairs and maintenance        | 395,752             | 53,065              | -                 | 231,045                | 679,862              |
| Depreciation                   | 523,367             | 68,584              | -                 | 13,043                 | 604,994              |
| Student services               | 364,862             | 46,651              | -                 | 7,535                  | 419,048              |
| Professional services          | 27,141              | -                   | -                 | 272,283                | 299,424              |
| Rent                           | -                   | -                   | -                 | 295,106                | 295,106              |
| Food service                   | 212,505             | 27,956              | 24,912            | 1,792                  | 267,165              |
| Utilities                      | 221,154             | 29,163              | -                 | 13,019                 | 263,336              |
| Technology                     | 80,832              | 69,118              | 3,294             | 74,953                 | 228,197              |
| Insurance                      | 62,990              | 8,144               | 8,134             | 53,655                 | 132,923              |
| Office expense                 | 78,855              | 6,565               | -                 | 46,845                 | 132,265              |
| Marketing and recruitment      | 65,814              | 7,991               | -                 | 47,360                 | 121,165              |
| Professional development       | 95,786              | 5,625               | -                 | -                      | 101,411              |
| School board fees              | 15,601              | 2,092               | -                 | 31,527                 | 49,220               |
| Travel                         | 6,299               | 742                 | -                 | 8,341                  | 15,382               |
| Other                          | -                   | -                   | -                 | 6,021                  | 6,021                |
| Total expenses                 | <u>\$ 8,572,017</u> | <u>\$ 1,642,522</u> | <u>\$ 257,518</u> | <u>\$ 5,304,673</u>    | <u>\$ 15,776,730</u> |

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

**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Combined Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

---

**Cash Flows from Operating Activities:**

|   |                |
|---|----------------|
| Change in net assets  | \$ 1,082,841   |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                |
| Provision for depreciation  | 604,994        |
| Provision for amortization of bond issuance costs   | 152,120        |
| Provision for amortization of bond premium and discount                                     | (19,417)       |
| Loss on disposal of property and equipment  | 491,150        |
| Gain on extinguishment of debt - Paycheck Protection Program                                | (488,087)      |
| (Increase) Decrease in:   |                |
| Grants receivable   | (876,101)      |
| Due from related party  | 460,767        |
| Accrued interest receivables  | (42)           |
| Prepaid items   | (90,509)       |
| Increase (Decrease) in:   |                |
| Accounts payable and accrued expenses   | (149,451)      |
| Salaries and wages payable  | 185,204        |
| Accrued interest payable  | (1,057)        |
| Due to management company   | 125,336        |
| Due to related party  | (510,416)      |
| Custodial funds   | 10,880         |
| Compensated absences  | (10,895)       |
| Refundable advances and deferred revenue  | (35,848)       |
|   | <u>931,469</u> |
| Net cash provided by operating activities   | <u>931,469</u> |

**Cash Flows from Investing Activities:**

|   |                     |
|---|---------------------|
| Sales of investments                            | 11,719,312          |
| Purchases of investments                        | (1,457,930)         |
| Payments for purchase of property and equipment | <u>(12,190,387)</u> |
| Net cash used in investing activities           | <u>(1,929,005)</u>  |

**Cash Flows from Financing Activities:**

|                                       |                  |
|---------------------------------------|------------------|
| Payments on bonds and notes payable   | <u>(345,000)</u> |
| Net cash used in financing activities | <u>(345,000)</u> |
| Decrease in cash and cash equivalents | (1,342,536)      |

**Cash and Cash Equivalents, Beginning of Year**

4,610,508

**Cash and Cash Equivalents, End of Year**

\$ 3,267,972

|                                 |                            |
|---------------------------------|----------------------------|
| Cash and cash equivalents       | \$ 3,211,629               |
| Custodial funds - cash          | <u>56,343</u>              |
| Total cash and cash equivalents | \$ <u><u>3,267,972</u></u> |

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

## Note 1 - Organization and Operations

**Organization:** Southwest Louisiana Charter Academy Foundation, Inc. (the “Foundation”), a Louisiana not-for-profit corporation, was formed on April 19, 2012 exclusively for educational purposes and is comprised of respected leaders in the Lake Charles community that are committed to providing high quality educational options for the citizens of the Calcasieu Parish. Southwest Louisiana Charter Academy, a Department of the Foundation, was established as a charter school in July 2012 for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu. Lake Charles College Prep, a Department of the Foundation, was established as a charter school in July 2014 for students from ninth to twelfth grade in the Louisiana Parish of Calcasieu.

**Nature of activities:** Southwest Louisiana Charter Academy (“SWLCA”) was granted a charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) in 2012 to operate a Type 2 public charter school. The current charter is in effect until June 2022. The charter may be renewed at the discretion of BESE.

Lake Charles College Prep (“LCCP”) was granted a charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) in 2014 to operate a Type 2 public charter school. The current charter is in effect until June 2022. The charter may be renewed at the discretion of BESE.

The Foundation seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measure pupil progress toward stated goal; and participate in pupil assessment required by law, regulation and BESE policy.

The mission of the Foundation is to become a powerful platform of change through the creation of a network of high-performing charter schools that will target traditionally underserved students and ensure that every student realizes their academic and personal potential. The goal is to ensure that each student realizes their potential to become a self-motivated life-long learner, a responsible citizen, and a productive member of the global 21st century workforce, by ensuring that each graduating student is prepared to enter, compete, and succeed in secondary and post-secondary educational opportunities and careers of choice.

The Foundation will implement its mission through creating a learning environment of student safety and success that incorporates individualized, research-based instruction, integrated character education, project-based learning opportunities, and community engagement.

## Note 2 - Summary of Significant Accounting Policies

**Principles of combination:** The accompanying combined financial statements include the accounts of the Foundation. All significant intercompany balances and transactions have been eliminated in combination.

**Basis of accounting:** Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Foundation are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation reports no net assets with donor restrictions as of June 30, 2021.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Net assets:** Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

**Cash and cash equivalents:** The Foundation considers all highly liquid or short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation routinely maintains cash balances at financial institutions which exceed federally insured amounts. The Foundation has not experienced any losses and does not believe that a significant credit risk exists as a result of this practice.

**Restricted investments:** At June 30, 2021, restricted investments include escrow balances restricted for debt service (Notes 4 and 9) and other activities as follows:

|  |                     |
|--|---------------------|
| Series 2013 Debt Service Reserve                   | \$ 1,594,838        |
| Series 2013 Revenue                                | 57,320              |
| Series 2019 Project                                | 3,326,096           |
| Series 2019 Debt Service Reserve                   | 1,433,672           |
| Series 2019 Interest                               | 99,898              |
| Series 2019 Insurance and<br>Condemnation Proceeds | 60,684              |
| Series 2019 Repair and Replacement Reserve         | 50,043              |
| Series 2019 Principal                              | 17,922              |
| Series 2019 Fees                                   | 1,750               |
| Series 2019 Capitalized Interest                   | <u>1,044</u>        |
| Total restricted investments                       | <u>\$ 6,643,267</u> |

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Promises to give:** The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Foundation had no unconditional or conditional promises to give as of June 30, 2021.

**Property and equipment:** Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Donated property and equipment assets are reported at acquisition value as of the date received. Additions, improvements, and other major renewals that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related assets. Other costs incurred for repairs and maintenance are charged to expense as incurred. Interest expense is capitalized during the time a project is under construction and begins upon the issuance of bonds to finance the construction of a capital asset.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

|                                  |               |
|----------------------------------|---------------|
| Building                         | 25 - 45 years |
| Furniture and equipment          | 5 years       |
| Computer equipment and software  | 3 years       |
| Improvements other than building | 10 years      |

**Prepaid items:** Certain payments reflect costs applicable to services for a future accounting period and are recorded as prepaid expenses in the accompanying financial statements.

**Compensated absences:** The Foundation's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

**Bond issuance costs and provision for amortization:** The Foundation incurred certain costs in connection with the issuance of its bonds. These costs have been capitalized for financial reporting purposes and are amortized over the term of the bonds on a straight-line basis. In accordance with the guidance of Financial Accounting Standards Board in its Accounting Standards Update 2015-03, *Interest-Imputation of Interest*, the Foundation has presented its bond issuance costs in the statement of financial position as a direct deduction from the bonds payable.

Total provision for amortization was \$ 152,120 for the year ended June 30, 2021.

**Revenue and revenue recognition:** The Foundation recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

**Note 2 - Summary of Significant Accounting Policies (continued)**

A portion of Foundation's revenue, derived from cost-reimbursement federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Amounts received prior to meeting certain conditions, including measurable performance or other barriers, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

The Schools, as Type 2 charter schools, received Minimum Foundation Program funding from BESE in an amount for pupils based on estimated daily attendance at the Schools. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the result of any audits performed.

**Refundable advances:** Revenues received in advance that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances.

**Deferred revenue:** Deferred revenue is recorded in connection with resources that have been received, but not yet earned.

**Functional allocation of expenses:** The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

**Date of management's review:** Subsequent events have been evaluated through December 30, 2021, which is the date the financial statements were available to be issued.

**Note 3 - Custodial Funds - Cash**

As a service to the various School club and parent organizations, the Schools permit these organizations to deposit their own funds in separate School checking accounts. Since these funds are outside of regular School operations, they are also recorded as a liability in the statement of financial position.

**Note 4 - Restricted Investments**

Previously, the Foundation borrowed funds for construction of facilities for SWLCA (Note 9). The restricted investments of the Foundation are governed by the Bond Indenture and are held by the Trustee. At June 30, 2021, the Foundation has \$ 1,652,158 invested in a money market mutual fund that is stated at amortized cost which approximates fair value.

**Note 4 - Restricted Investments (continued)**

Previously, the Foundation also borrowed funds for construction of facilities for LCCP (Note 9). The restricted investments of the Foundation are governed by the Bond Indenture and are held by the Trustee. At June 30, 2021, the Foundation has \$ 4,991,109 invested in a money market mutual fund that is stated at amortized cost which approximates fair value.

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. This exposure to credit risk is limited because the money market fund is rated AAA-mf by Moody's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is forty-five days.

**Note 5 - Liquidity and Availability of Financial Assets**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|  |    |                         |
|--|----|-------------------------|
| Financial Assets:  |    |                         |
| Cash and cash equivalents  | \$ | 3,211,629               |
| Grants and other receivables   |    | <u>1,035,043</u>        |
| Financial assets available to meet cash needs for general expenditures within one year | \$ | <u><u>4,246,672</u></u> |

**Note 6 - Grants Receivable**

As of June 30, 2021, grants receivable consisted of amounts due from the following sources:

| <u>Receivables</u>                         | <u>Amount</u>              |
|--|----------------------------|
| Title I                                    | \$ 439,696                 |
| Elementary and Secondary School            |                            |
| Emergency Relief Fund                      | 188,111                    |
| Governor's Emergency Education Relief Fund | 116,066                    |
| National School Lunch Program              | 11,373                     |
| IDEA                                       | 99,997                     |
| Perkins Grant                              | 9,585                      |
| LA4 State                                  | 27,480                     |
| 8(g)-Student Enhancement Block             | 364                        |
| Direct Student Services                    | 22,213                     |
| Real-time Early Access to Literacy         | 11,534                     |
| Title II                                   | 21,477                     |
| Redesign 1003a                             | <u>84,472</u>              |
|  | \$ <u><u>1,032,368</u></u> |

**Note 7 - Property and Equipment**

The following is a summary of property and equipment at June 30, 2021:

|                                   |                      |
|-----------------------------------|----------------------|
| Building                          | \$ 12,451,593        |
| Building improvements             | 1,721,934            |
| Furniture, fixtures and equipment | 1,582,161            |
| Computer equipment and software   | 2,302,897            |
| Improvements other than building  | 273,642              |
|                                   | <u>18,332,227</u>    |
| Less: accumulated depreciation    | (5,543,732)          |
|                                   | <u>12,788,495</u>    |
| Land                              | 3,992,554            |
| Construction in progress          | 16,669,996           |
|                                   | <u>33,451,045</u>    |
| Property and equipment, net       | <u>\$ 33,451,045</u> |

Depreciation expense for the year ended June 30, 2021 totaled \$ 604,994.

If certain governmental funding is used to acquire tangible property assets, the BESE has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the BESE.

**Note 8 - Due to Related Party**

The Foundation and Lake Charles Charter Academy Foundation, Inc. ("LCCAF") are related, as they share common board membership. As of June 30, 2021, the financial statements include an amount due to LCCAF in the amount of \$ 21,683.

**Note 9 - Bonds Payable**

a. Summary of Bonds Payable

Bonds payable at June 30, 2021 is comprised of the following bond issues:

|   |                      |
|---|----------------------|
| \$ 20,805,000 Tax-Exempt Revenue Bonds, Series 2019A and \$ 2,735,000 Taxable Revenue Bonds, Series 2019B; due in semi-annual installments beginning June 2021 through June 2058; interest payable semi-annually at rates that range from 4.250% to 6.350%. | \$ 23,435,000        |
| Plus unamortized bond premium   | 945,062              |
| Less unamortized bond issuance costs  | (612,022)            |
| \$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013; due in semi-annual installments through December 2043; interest payable semiannually at rates that range from 6.625% to 8.375%.   | 16,415,000           |
| Less unamortized bond discount  | (137,824)            |
| Less unamortized bond issuance costs  | <u>(389,207)</u>     |
|   | <u>\$ 39,656,009</u> |



Southwest Louisiana Charter Academy Foundation, Inc.  
Notes to Combined Financial Statements  
June 30, 2021

**Note 9 - Bonds Payable (continued)**

The following is a summary of changes in bonds payable for the year ended June 30, 2021:

|  | Balance at<br>July 1,<br>2020 | Additions   | Deletions           | Balance at<br>June 30,<br>2021 | Due<br>Within<br>One Year |
|--|-------------------------------|-------------|---------------------|--------------------------------|---------------------------|
| Revenue Bonds, Series 2019                           | \$ 23,540,000                 | \$ -        | \$ (105,000)        | \$ 23,435,000                  | \$ 215,000                |
| Premium on Series<br>2019 Bonds                      | 970,604                       | -           | (25,542)            | 945,062                        | -                         |
| Bond issuance costs                                  | (746,844)                     | -           | 134,822             | (612,022)                      | -                         |
| Educational Facilities<br>Revenue Bonds, Series 2013 | 16,655,000                    | -           | (240,000)           | 16,415,000                     | 255,000                   |
| Discount on Series<br>2013 Bonds                     | (143,949)                     | -           | 6,125               | (137,824)                      | -                         |
| Bond issuance costs                                  | (406,505)                     | -           | 17,298              | (389,207)                      | -                         |
|  | <u>\$ 39,868,306</u>          | <u>\$ -</u> | <u>\$ (212,297)</u> | <u>\$ 39,656,009</u>           | <u>\$ 470,000</u>         |

b. Summary of Significant Bond Terms

**\$ 20,805,000 Tax-Exempt Revenue Bonds, Series 2019A and \$ 2,735,000 Taxable Revenue Bonds, Series 2019B** - Series 2019 bonds are for the purpose of (i) financing the acquisition, construction and equipping of LCCP facilities, (ii) refinance existing debt used to acquire temporary facilities and the land site upon which the facility will be located, (iii) paying capitalized interest, (iv) funding a reserve fund, and (v) paying a portion of the costs of issuance of the Series 2019 bonds. The bonds are payable in annual principal installments beginning June 2023 through June 2058 for the Series 2019A bonds and June 2021 through June 2058 for the Series 2019B bonds. Interest at 5.0% is payable semiannually on the first day of June and December on the Series 2019A bonds and at rates that range from 4.250% to 6.350% on the Series 2019B bonds.

The bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. All of the bonds are subject to redemption prior to maturity except for the Series 2019A bonds that mature on June 1, 2028 and the Series 2019B bonds that mature on June 1, 2023.

Southwest Louisiana Charter Academy Foundation, Inc.  
Notes to Combined Financial Statements  
June 30, 2021

**Note 9 - Bonds Payable (continued)**

The annual debt service requirement for the Series 2019 Educational Facilities Revenue Bonds consists of:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2022                    | \$ 215,000           | \$ 1,198,435         | \$ 1,413,435         |
| 2023                    | 240,000              | 1,189,298            | 1,429,298            |
| 2024                    | 250,000              | 1,178,633            | 1,428,633            |
| 2025                    | 260,000              | 1,165,863            | 1,425,863            |
| 2026                    | 275,000              | 1,152,593            | 1,427,593            |
| 2026-2030               | 1,600,000            | 5,538,259            | 7,138,259            |
| 2031-2035               | 2,050,000            | 5,085,923            | 7,135,923            |
| 2036-2040               | 2,630,000            | 4,504,578            | 7,134,578            |
| 2041-2045               | 3,375,000            | 3,758,644            | 7,133,644            |
| 2046-2050               | 4,330,000            | 2,800,618            | 7,130,618            |
| 2051-2055               | 5,560,000            | 1,568,833            | 7,128,833            |
| 2056-2058               | 2,650,000            | 206,442              | 2,856,442            |
|                         | <u>\$ 23,435,000</u> | <u>\$ 29,348,119</u> | <u>\$ 52,783,119</u> |

The trust indenture requires reserve funds equal to \$ 1,430,380 for the Series 2019 bonds. As of June 30, 2021, the reserve fund account balance was sufficient to satisfy this requirement. In addition, the trust indenture contains a financial covenant which requires LCCP to maintain a long-term debt service coverage ratio of 1.10 to 1.00 commencing with the fiscal year ending June 30, 2021. The trust indenture also contains a financial covenant which requires LCCP to maintain days cash on hand equal to or greater than 45 days commencing with the fiscal year ending June 30, 2021. LCCP's financial covenants for the year ended June 30, 2021 are as follows:

| Covenant                              | Requirement      | Calculated |
|---------------------------------------|------------------|------------|
| Long-term debt service coverage ratio | At least 1.10    | 1.61       |
| Days cash on hand                     | At least 45 days | 143        |

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Foundation grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

**\$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013** - Series 2013 tax-exempt bonds are for the purpose of (i) financing the acquisition, construction and equipping of SWLCA facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2013 bonds. The bonds are payable in semi-annual principal installments through December 2043. Interest ranging from 6.625% to 8.375% is payable semiannually on the fifteenth day of June and December.

**Note 9 - Bonds Payable (continued)**

The bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The bonds are not subject to a premium at optional redemption after December 15, 2023.

The annual debt service requirement for the Series 2013 Educational Facilities Revenue Bonds consists of:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2022                    | \$ 255,000           | \$ 1,334,091         | \$ 1,589,091         |
| 2023                    | 275,000              | 1,316,866            | 1,591,866            |
| 2024                    | 295,000              | 1,298,316            | 1,593,316            |
| 2025                    | 315,000              | 1,276,166            | 1,591,166            |
| 2026                    | 340,000              | 1,251,766            | 1,591,766            |
| 2027-2031               | 2,145,000            | 5,813,241            | 7,958,241            |
| 2032-2036               | 3,190,000            | 4,771,081            | 7,961,081            |
| 2037-2041               | 4,775,000            | 3,182,975            | 7,957,975            |
| 2042-2043               | 4,825,000            | 750,607              | 5,575,607            |
|                         | <u>\$ 16,415,000</u> | <u>\$ 20,995,109</u> | <u>\$ 37,410,109</u> |

The trust indenture requires reserve funds equal to \$ 1,594,678 for the Series 2013 bonds. As of June 30, 2021, the reserve fund account balance was sufficient to satisfy this requirement. The trust indenture also contains a financial covenant which is as follows:

| Covenant                              | Requirement      | Calculated |
|---------------------------------------|------------------|------------|
| Long-term debt service coverage ratio | At least<br>1.25 | 1.34       |

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Foundation grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

**Note 10 - Loan Forgiveness – Paycheck Protection Program**

Previously, the Foundation executed a promissory note for \$ 488,087 under the *Paycheck Protection Program* ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In accordance with the guidelines of the AICPA, in Q&A Section 3200, the Foundation had the option to report the proceeds of this forgivable loan program under FASB *Accounting Standards Codification (ASC) 470, Debt* or to analogize the guidance of FASB *Accounting Standards Codification (ASC) 958-605, Revenue Recognition*, and account for the funds as a conditional government grant. The Foundation's management elected to follow the provisions of ASC 470 in which the loan proceeds remained recorded as a liability until the loan was fully forgiven and it had been legally released by the Small Business Administration ("SBA"). Effective March 23, 2021, the SBA granted the Foundation full forgiveness/legal release of this loan; therefore, a gain is presented within the Support and Revenues section of the accompanying Statement of Activities.

**Note 11 - Income Taxes**

Southwest Louisiana Charter Academy Foundation, Inc. is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code.

**Note 12 - Commitments**

**Management agreement:** The Foundation has a formal agreement with Charter Schools USA at Southwest Louisiana, LLC (“CSUSA”) to manage, staff, and operate SWLCA. For this School, the cost reimbursements and management fees range from \$ 1,600,914 for 2022 to \$ 1,911,575 for 2028 if the School obtains a letter grade of “B” or above and at lesser amounts for grades below “B” as defined in the agreement. The agreement will renew to coincide with the charter renewals unless terminated by either party. Total cost reimbursements and management fees charged by CSUSA to SWLCA amounted to \$ 840,028 for the year ended June 30, 2021. Extension of the agreement shall correspond to the length of the Charter and shall be approved by the Board of the Directors.

Also at June 30, 2021, SWLCA had an amount due to CSUSA for \$ 191,353 for reimbursement of various expenditures.

The Foundation also has an Education Service Provider (ESP) agreement with McNeese State University (“the University”) to assist the Foundation in its management and operation of educational services of LCCP through June 2022. Total ESP fees charged by the University amounted to \$ 75,715 for the year ended June 30, 2021.

**Post-retirement benefits:** The Schools do not provide post-retirement benefits to retired employees.

**Note 13 - Employee Benefit Plans**

During the year ended June 30, 2021, SWLCA offered all of its full-time employees, who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by SWLCA’s management, SWLCA may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions.

Participants become vested in SWLCA contributions and earnings on SWLCA contributions according to the following schedule:

| <u>Years of Service</u> | <u>Vesting Percentage</u> |
|-------------------------|---------------------------|
| 1                       | 25%                       |
| 2                       | 50%                       |
| 3                       | 75%                       |
| 4                       | 100%                      |

**Note 13 - Employee Benefit Plans (continued)**

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ended December 31, 2020, SWLCA had forfeitures of \$ 150. For the year ended June 30, 2021, SWLCA contributed a matching amount of \$ 12,186.

During the year ended June 30, 2021, LCCP offered all of its full-time employees a retirement plan (the "Plan") under Internal Revenue Code Section 403(b). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the LCCP's management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions.

Participants become vested in LCCP contributions and earnings on LCCP contributions according to the following schedule:

| <u>Years of Service</u> | <u>Vesting Percentage</u> |
|-------------------------|---------------------------|
| Less than 3             | 0%                        |
| 3                       | 100%                      |

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the year ended June 30, 2021, LCCP contributed a matching amount of \$ 21,730.

**Note 14 - Functional Expenses**

The majority of expenses reported in the financial statements can be directly identified with the program or supporting service to which they relate and are charge accordingly. Other expenses by function, including depreciation and amortization, leadership salaries and the technology department, have been allocated among program and supporting services classification based on estimates of time and effort and square footage.

**Note 15 - Supplemental Cash Flow Information**

Supplemental Disclosure of Cash Flow Information

|  |              |
|--|--------------|
| Cash received during the year for -<br>Interest income | \$ 9,906     |
| Cash paid during the year for -<br>Interest expense    | \$ 2,553,054 |

**Note 16 - Net Casualty Gain**

The Schools were hit by Category 4 Hurricane Laura on August 26 and 27, 2020, causing significant damage. Additionally, Hurricane Delta (Category 2) made landfall in the evening of October 9, 2020 causing additional damage. The Schools filed claims to their insurance carriers after compiling all hurricane damage information and documentation. The Schools received \$ 1,114,619 in insurance proceeds to cover \$ 491,150 in fixed asset losses which resulting in a net casualty gain of \$ 623,469.

**Note 17 - Net Assets (Deficit)**

Southwest Louisiana Charter Academy ended the year with total net assets (deficit) of \$ (2,740,360). Included in this deficit is accumulated depreciation of \$ 4,333,507. The School ended the year with cash and cash equivalents of \$ 472,644. Currently, the School does not have any plans to restructure debt, dispose of assets, or obtain additional funding sources. It may however, upon approval of their management company, delay payments to the management company should the School have an immediate cash need. For 2020/2021 school year, the School has decreased its enrollment by approximately 57 students over 2019/2020 enrollment. The School continues to focus on increasing enrollment.

**Note 18 - Risks and Uncertainties**

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellations of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the Schools' financial position and operations. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

# COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS



**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Combining Statement of Financial Position**  
**June 30, 2021**

|   | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy</u> | <u>Lake<br/>Charles<br/>College<br/>Prep</u> | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy<br/>Foundation</u> | <u>Eliminations</u> | <u>Combining<br/>Total</u> |
|---|--|--|---|---------------------|----------------------------|
| <b>Current Assets:</b>  |  |  |   |                     |                            |
| Cash and cash equivalents   | \$ 472,644   | \$ 2,699,416                                 | \$ 39,569   | \$ -                | \$ 3,211,629               |
| Custodial funds - cash  | 40,264   | 16,079                                       | -   | -                   | 56,343                     |
| Grants receivable   | 643,363  | 389,005                                      | -   | -                   | 1,032,368                  |
| Accrued interest receivable   | -  | 42   | -   | -                   | 42                         |
| Due from related parties  | 16,842   | 48,961                                       | -   | (65,803)            | -                          |
| Other receivables   | 2,675  | -  | -   | -                   | 2,675                      |
| Prepaid items   | 24,104   | 82,503                                       | -   | -                   | 106,607                    |
| Restricted investments  | 57,320   | 3,557,437                                    | -   | -                   | 3,614,757                  |
|   | <u>1,257,212</u>                                       | <u>6,793,443</u>                             | <u>39,569</u>   | <u>(65,803)</u>     | <u>8,024,421</u>           |
| <b>Property and Equipment, Less<br/>Accumulated Depreciation</b>                  | <u>11,289,437</u>                                      | <u>22,161,608</u>                            | <u>-</u>  | <u>-</u>            | <u>33,451,045</u>          |
| <b>Other Assets:</b>  |  |  |   |                     |                            |
| Restricted investments  | 1,594,838  | 1,433,672                                    | -   | -                   | 3,028,510                  |
| Deposits  | 8,626  | -  | -   | -                   | 8,626                      |
|   | <u>1,603,464</u>                                       | <u>1,433,672</u>                             | <u>-</u>  | <u>-</u>            | <u>3,037,136</u>           |
| Total assets  | <u>\$ 14,150,113</u>                                   | <u>\$ 30,388,723</u>                         | <u>\$ 39,569</u>  | <u>\$ (65,803)</u>  | <u>\$ 44,512,602</u>       |
| <b>Current Liabilities:</b>   |  |  |   |                     |                            |
| Accounts payable and<br>accrued expenses  | \$ 107,733   | \$ 1,453,802                                 | \$ -  | \$ -                | \$ 1,561,535               |
| Salaries and wages payable  | 500,735  | 281,844                                      | -   | -                   | 782,579                    |
| Accrued interest payable  | 54,812   | 99,870                                       | -   | -                   | 154,682                    |
| Due to management company   | 191,353  | -  | -   | -                   | 191,353                    |
| Due to related parties  | 70,644   | -  | 16,842  | (65,803)            | 21,683                     |
| Custodial funds   | 40,264   | 16,079                                       | -   | -                   | 56,343                     |
| Compensated absences  | 27,724   | -  | -   | -                   | 27,724                     |
| Bonds payable   | 255,000  | 215,000                                      | -   | -                   | 470,000                    |
|   | <u>1,248,265</u>                                       | <u>2,066,595</u>                             | <u>16,842</u>   | <u>(65,803)</u>     | <u>3,265,899</u>           |
| <b>Noncurrent Liabilities:</b>  |  |  |   |                     |                            |
| Compensated absences  | 9,241  | -  | -   | -                   | 9,241                      |
| Bonds payable, net of unamortized<br>premium, discount and bond<br>issuance costs | 15,632,969   | 23,553,040                                   | -   | -                   | 39,186,009                 |
|   | <u>15,642,210</u>                                      | <u>23,553,040</u>                            | <u>-</u>  | <u>-</u>            | <u>39,195,250</u>          |
| Total noncurrent liabilities  | <u>15,642,210</u>                                      | <u>23,553,040</u>                            | <u>-</u>  | <u>-</u>            | <u>39,195,250</u>          |
| Total liabilities   | <u>16,890,475</u>                                      | <u>25,619,635</u>                            | <u>16,842</u>   | <u>(65,803)</u>     | <u>42,461,149</u>          |
| <b>Net Assets (Deficit) - Without<br/>Donor Restrictions</b>                      | <u>(2,740,362)</u>                                     | <u>4,769,088</u>                             | <u>22,727</u>   | <u>-</u>            | <u>2,051,453</u>           |
| Total liabilities and<br>net assets   | <u>\$ 14,150,113</u>                                   | <u>\$ 30,388,723</u>                         | <u>\$ 39,569</u>  | <u>\$ (65,803)</u>  | <u>\$ 44,512,602</u>       |



**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Combining Statement of Activities Without Donor Restrictions**  
**For the Year Ended June 30, 2021**

|  | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy</u> | <u>Lake<br/>Charles<br/>College<br/>Prep</u> | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy<br/>Foundation</u> | <u>Eliminations</u> | <u>Combining<br/>Total</u> |
|--|--|--|---|---------------------|----------------------------|
| <b>Operating:</b>  |  |  |   |                     |                            |
| Support and Revenues:  |  |  |   |                     |                            |
| Support:   |  |  |   |                     |                            |
| Contributions  | \$ -   | \$ -   | \$ 21,499   | \$ -                | \$ 21,499                  |
| Grants:  |  |  |   |                     |                            |
| Federal  | 1,113,796  | 908,269                                      | -   | -                   | 2,022,065                  |
| State  | 160,841  | -  | -   | -                   | 160,841                    |
| Local  | 13,173   | -  | -   | -                   | 13,173                     |
| Minimum Foundation Program   | 7,078,035  | 6,389,514                                    | -   | -                   | 13,467,549                 |
| Total support  | <u>8,365,845</u>                                       | <u>7,297,783</u>                             | <u>21,499</u>   | <u>-</u>            | <u>15,685,127</u>          |
| Revenues:  |  |  |   |                     |                            |
| Gain on extinguishment of debt<br>- Paycheck Protection Program                                | -  | 465,247                                      | 22,840  | -                   | 488,087                    |
| Before and aftercare fees  | 4,621  | -  | -   | -                   | 4,621                      |
| Other revenue  | 32,095   | 9,129  | 10,341  | -                   | 51,565                     |
| Total revenues   | <u>36,716</u>  | <u>474,376</u>                               | <u>33,181</u>   | <u>-</u>            | <u>544,273</u>             |
| Total support and revenues   | <u>8,402,561</u>                                       | <u>7,772,159</u>                             | <u>54,680</u>   | <u>-</u>            | <u>16,229,400</u>          |
| Expenses:  |  |  |   |                     |                            |
| Program services:  |  |  |   |                     |                            |
| Regular education  | 5,209,245  | 3,362,772                                    | -   | -                   | 8,572,017                  |
| Special education  | 829,269  | 813,253                                      | -   | -                   | 1,642,522                  |
| Other education  | 26,329   | 231,189                                      | -   | -                   | 257,518                    |
| Supporting services:   |  |  |   |                     |                            |
| Management and general   | 2,512,399  | 2,769,434                                    | 22,840  | -                   | 5,304,673                  |
| Total expenses   | <u>8,577,242</u>                                       | <u>7,176,648</u>                             | <u>22,840</u>   | <u>-</u>            | <u>15,776,730</u>          |
| Increase in net assets<br>without donor restrictions<br>from operations                        | <u>(174,681)</u>                                       | <u>595,511</u>                               | <u>31,840</u>   | <u>-</u>            | <u>452,670</u>             |
| <b>Non-operating:</b>  |  |  |   |                     |                            |
| Net investment income (loss)   | (2,265)  | 8,958  | 9   | -                   | 6,702                      |
| Net casualty gain on disposal<br>of fixed assets   | 510,851  | 112,618                                      | -   | -                   | 623,469                    |
| Increase in net assets<br>without donor restrictions<br>from non-operating activities          | <u>508,586</u>   | <u>121,576</u>                               | <u>9</u>  | <u>-</u>            | <u>630,171</u>             |
| Change in net assets<br>without donor restrictions   | 333,905  | 717,087                                      | 31,849  | -                   | 1,082,841                  |
| <b>Net Assets (Deficit) Without Donor<br/>Restrictions, Beginning of Year,<br/>as Restated</b> | <u>(3,074,267)</u>                                     | <u>4,052,001</u>                             | <u>(9,122)</u>  | <u>-</u>            | <u>968,612</u>             |
| <b>Net Assets (Deficit) Without Donor<br/>Restrictions, End of Year</b>                        | <u>\$ (2,740,362)</u>                                  | <u>\$ 4,769,088</u>                          | <u>\$ 22,727</u>  | <u>\$ -</u>         | <u>\$ 2,051,453</u>        |

**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

|   | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy</u> | <u>Lake<br/>Charles<br/>College<br/>Prep</u> | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy<br/>Foundation</u> | <u>Eliminations</u> | <u>Combining<br/>Total</u> |
|---|--|--|---|---------------------|----------------------------|
| <b>Cash Flows from Operating Activities:</b>  |  |  |   |                     |                            |
| Change in net assets  | \$ 333,905   | \$ 717,087                                   | \$ 31,849   | \$ -                | \$ 1,082,841               |
| Adjustments to reconcile change<br>in net assets to net cash provided<br>by (used in) operating activities: |  |  |   |                     |                            |
| Provision for depreciation  | 433,579  | 171,415                                      | -   | -                   | 604,994                    |
| Provision for amortization of bond costs  | 17,298   | 134,822                                      | -   | -                   | 152,120                    |
| Provision for amortization of bond<br>premium and discount  | 6,125  | (25,542)                                     | -   | -                   | (19,417)                   |
| Loss on disposal of property and<br>equipment   | -  | 491,150                                      | -   | -                   | 491,150                    |
| Gain on extinguishment of debt -<br>Paycheck Protection Program   | -  | -  | (488,087)   | -                   | (488,087)                  |
| (Increase) Decrease in:   |  |  |   |                     |                            |
| Grants receivable   | (567,795)  | (308,306)                                    | -   | -                   | (876,101)                  |
| Due from related parties  | 52,550   | (48,961)                                     | 457,178   | -                   | 460,767                    |
| Accrued interest receivable   | -  | (42)   | -   | -                   | (42)                       |
| Prepaid items   | (21,077)   | (69,432)                                     | -   | -                   | (90,509)                   |
| Increase (Decrease) in:   |  |  |   |                     |                            |
| Accounts payable and accrued expenses   | (2,184)  | (147,267)                                    | -   | -                   | (149,451)                  |
| Salaries and wages payable  | 208,778  | (23,574)                                     | -   | -                   | 185,204                    |
| Accrued interest payable  | (685)  | (372)  | -   | -                   | (1,057)                    |
| Due to management company   | 125,336  | -  | -   | -                   | 125,336                    |
| Due to related party  | 29,094   | (539,510)                                    | -   | -                   | (510,416)                  |
| Custodial funds   | 13,649   | (2,769)                                      | -   | -                   | 10,880                     |
| Compensated absences  | (10,895)   | -  | -   | -                   | (10,895)                   |
| Refundable advances and deferred<br>revenue   | (35,848)   | -  | -   | -                   | (35,848)                   |
|   | <u>581,830</u>   | <u>348,699</u>                               | <u>940</u>  | <u>-</u>            | <u>931,469</u>             |
| Net cash provided by (used in)<br>operating activities  |  |  |   |                     |                            |
| <b>Cash Flows from Investing Activities:</b>  |  |  |   |                     |                            |
| Sales of investments  | -  | 11,719,312                                   | -   | -                   | 11,719,312                 |
| Purchases of investments  | (204)  | (1,457,726)                                  | -   | -                   | (1,457,930)                |
| Payments for purchase of property<br>and equipment  | (805,002)  | (11,385,385)                                 | -   | -                   | (12,190,387)               |
|   | <u>(805,206)</u>                                       | <u>(1,123,799)</u>                           | <u>-</u>  | <u>-</u>            | <u>(1,929,005)</u>         |
| Net cash provided by (used in)<br>investing activities  |  |  |   |                     |                            |
| <b>Cash Flows from Financing Activities:</b>  |  |  |   |                     |                            |
| Payments on bonds and notes payable   | (240,000)  | (105,000)                                    | -   | -                   | (345,000)                  |
|   | <u>(240,000)</u>                                       | <u>(105,000)</u>                             | <u>-</u>  | <u>-</u>            | <u>(345,000)</u>           |
| Net cash provided by (used in)<br>financing activities  |  |  |   |                     |                            |
|   | <u>(240,000)</u>                                       | <u>(105,000)</u>                             | <u>-</u>  | <u>-</u>            | <u>(345,000)</u>           |
| Increase (decrease) in cash<br>and cash equivalents   | (463,376)  | (880,100)                                    | 940   | -                   | (1,342,536)                |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <u>976,284</u>   | <u>3,595,595</u>                             | <u>38,629</u>   | <u>-</u>            | <u>4,610,508</u>           |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u>\$ 512,908</u>                                      | <u>\$ 2,715,495</u>                          | <u>\$ 39,569</u>  | <u>\$ -</u>         | <u>\$ 3,267,972</u>        |

Southwest Louisiana Charter Academy Foundation, Inc.  
 Combining Statement of Cash Flows  
 (Continued)  
 For the Year Ended June 30, 2021

---

|                                 | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy</u> | <u>Lake<br/>Charles<br/>College<br/>Prep</u> | <u>Southwest<br/>Louisiana<br/>Charter<br/>Academy<br/>Foundation</u> | <u>Eliminations</u> | <u>Combining<br/>Total</u> |
|---------------------------------|--|--|---|---------------------|----------------------------|
| Cash and cash equivalents       | \$ 472,644   | \$ 2,699,416                                 | \$ 39,569   | \$ -                | \$ 3,211,629               |
| Custodial funds - cash          | <u>40,264</u>  | <u>16,079</u>                                | <u>-</u>  | <u>-</u>            | <u>56,343</u>              |
| Total cash and cash equivalents | <u>\$ 512,908</u>                                      | <u>\$ 2,715,495</u>                          | <u>\$ 39,569</u>  | <u>\$ -</u>         | <u>\$ 3,267,972</u>        |

# SUPPLEMENTAL INFORMATION



**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

| <u>Federal Agency/Federal Program</u>                                       | <u>CFDA<br/>Number</u> | <u>Contract/Grant Number</u> | <u>Expenditures</u> | <u>Transfers to<br/>Subrecipients</u> |
|---|------------------------|------------------------------|---------------------|---------------------------------------|
| <b>Federal Agency Name:</b>   |                        |                              |                     |                                       |
| Indirect Programs:  |                        |                              |                     |                                       |
| U.S. Department of Agriculture -  |                        |                              |                     |                                       |
| Passed through Louisiana Department of                                      |                        |                              |                     |                                       |
| Agriculture -   |                        |                              |                     |                                       |
| National School Lunch Program   | 10.555                 | -                            | \$ 292,733          | \$ -                                  |
| School Breakfast Program  | 10.553                 | -                            | <u>135,309</u>      | <u>-</u>                              |
| Total U.S. Department of Agriculture<br>and Total Child Nutritional Cluster |                        |                              | <u>428,042</u>      | <u>-</u>                              |
| Department of Education -   |                        |                              |                     |                                       |
| Passed through Louisiana Department of                                      |                        |                              |                     |                                       |
| Education -   |                        |                              |                     |                                       |
| Title I Grants to Local Educational Agencies                                | 84.010                 | -                            | 715,028             | -                                     |
| Redesign Planning Grant 1003a   | 84.010                 | -                            | 146,288             | -                                     |
|   |                        | Total 84.010                 | <u>861,316</u>      | <u>-</u>                              |
| Special Education - Grants to States  | 84.027                 | -                            | 210,200             | -                                     |
| Supporting Effective Instruction State Grant                                | 84.367                 | -                            | 25,371              | -                                     |
| Rural Education Achievement Program   | 84.358B                | -                            | 158                 | -                                     |
| Career and Technical Education  | 84.048                 | -                            | 9,585               | -                                     |
| Student Support and Academic<br>Enrichment Program                          | 84.424                 | -                            | 910                 | -                                     |
| COVID-19 - Governor's Emergency Education Relief Fund                       | 84.425C                | -                            | 123,145             | -                                     |
| COVID-19 - Elementary and Secondary Education Fund<br>Emergency Relief      | 84.425D                | -                            | <u>363,338</u>      | <u>-</u>                              |
| Total U.S. Department of Education  |                        |                              | <u>1,594,023</u>    | <u>-</u>                              |
| Total expenditures of Federal Awards  |                        |                              | <u>\$ 2,022,065</u> | <u>\$ -</u>                           |

See notes to schedule of expenditures of federal awards.

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the Foundation for the year ending June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 - Indirect Cost Rate**

The Foundation did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4 - Contingency**

The grants and contracts revenue received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Foundation. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable Federal and state and other applicable regulations.

Southwest Louisiana Charter Academy Foundation, Inc.  
Schedule of Board of Directors  
June 30, 2021

---

| <u>Board Members</u>                         | <u>Compensation</u> |
|--|---------------------|
| Judge Ulysses Gene Thibodeaux, President     | \$ 0                |
| Ms. Rebecca Boniol, Vice President           | \$ 0                |
| Mr. Clyde Mitchell, Secretary and Treasurer  | \$ 0                |
| Ms. Phyllis Kittling, Trustee                | \$ 0                |
| Dr. Michael Kurth, Trustee                   | \$ 0                |
| Ms. Nicole Simien, Trustee                   | \$ 0                |
| Ms. Sylvia Stelly, Trustee                   | \$ 0                |
| Mr. Charles Honore, Trustee                  | \$ 0                |
| Mr. Ron Richard, Trustee                     | \$ 0                |
| Fr. Henry Mancuso, Board Executive Secretary | \$ 0                |

**Southwest Louisiana Charter Academy Foundation, Inc.  
 Schedule of Compensation, Benefits and Other Payments to  
 Agency Head or Chief Executive Officer  
 For the Year Ended June 30, 2021**

---

**Agency Head:** Judge Ulysses Gene Thibodeaux, President

| <b>Purpose</b>                         | <b>Amount</b> |
|--|---------------|
| Salary                                 | \$ 0          |
| Benefits-Insurance                     | \$ 0          |
| Benefits-Retirement                    | \$ 0          |
| Car Allowance                          | \$ 0          |
| Vehicle Provided by Government         | \$ 0          |
| Per Diem                               | \$ 0          |
| Reimbursements                         | \$ 0          |
| Travel                                 | \$ 0          |
| Registration Fees                      | \$ 0          |
| Conference Travel                      | \$ 0          |
| Continuing Professional Education Fees | \$ 0          |
| Housing                                | \$ 0          |
| Unvouchered Expenses                   | \$ 0          |
| Special Meals                          | \$ 0          |

**Note:** Agency Head is a voluntary member who receives no compensation for his services to the Southwest Louisiana Charter Academy Foundation, Inc.



# INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Trustees  
Southwest Louisiana Charter Academy Foundation, Inc.  
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Southwest Louisiana Charter Academy Foundation, Inc. (a not-for-profit organization) (the "Foundation") which comprise the combined statement of financial position as of June 30, 2021, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 30, 2021.

### Internal Control Over Financial Reporting

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

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

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

CPA's + Trusted Advisors

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
December 30, 2021

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

To the Board of Trustees  
Southwest Louisiana Charter Academy Foundation, Inc.  
Lake Charles, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Southwest Louisiana Charter Academy Foundation, Inc.'s (a not-for-profit organization) (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major Federal programs for the year ended June 30, 2021. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

CPA's + Trusted Advisors

### **Opinion on Each Major Federal Program**

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
December 30, 2021

**Southwest Louisiana Charter Academy Foundation, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2021**

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major federal program:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major federal program: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal program:

| <u>CFDA No.</u> | <u>Federal Program</u>   |
|-----------------|--|
| 84.010          | United States Department of Education<br>Title 1 Grans to Local Education Agencies |
| 84.010          | Redesign Planning Grant 1003a  |

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

Auditee qualified as low-risk auditee?  yes  no

**SECTION II - FINANCIAL STATEMENTS FINDINGS**

None Reported.

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None Reported.

**SECTION IV - PRIOR YEAR AUDIT FINDINGS**

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

INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees, the Louisiana Department of Education and  
the Louisiana Legislative Auditor  
Southwest Louisiana Charter Academy Foundation, Inc.  
Lake Charles, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Southwest Louisiana Charter Academy Foundation, Inc. for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance Louisiana Revised Statute 24:514.I. Management of the Southwest Louisiana Charter Academy Foundation, Inc. is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among 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
  - Nonpublic Transportation Revenue

No exceptions noted.



Class Size Characteristics (Schedule 2)

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

No exceptions noted.

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

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

No exceptions noted.

Public School Staff Data: Average Salaries (No Schedule)

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

No exceptions noted.

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

We are required to be independent of the Southwest Louisiana Charter Academy Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Southwest Louisiana Charter Academy Foundation, Inc.

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
December 30, 2021

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

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

**Schedule 2 Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

**Southwest Louisiana Charter Academy Foundation, Inc.**  
**General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2021**

---

**Schedule 1**

**General Fund Instructional and Equipment Expenditures:**

General Fund instructional expenditures:

Teacher and student interaction activities:

|   |                |  |
|---|----------------|--|
| Classroom teacher salaries                    | \$ 3,765,121   |  |
| Other instructional staff activities          | 546,204        |  |
| Instructional staff employee benefits         | 742,430        |  |
| Purchased professional and technical services | 16,397         |  |
| Instructional materials and supplies          | 209,854        |  |
| Instructional equipment                       | <u>334,607</u> |  |

|  |  |              |
|--|--|--------------|
| Total teacher and student interaction activities |  | \$ 5,614,613 |
|--|--|--------------|

|                                |         |         |
|--------------------------------|---------|---------|
| Other instructional activities | 322,565 | 322,565 |
|--------------------------------|---------|---------|

|  |          |  |
|--|----------|--|
| Pupil support activities                     | 576,206  |  |
| Less: equipment for pupil support activities | <u>-</u> |  |

|                              |  |         |
|------------------------------|--|---------|
| Net pupil support activities |  | 576,206 |
|------------------------------|--|---------|

|  |          |  |
|--|----------|--|
| Instructional staff services                     | 557,276  |  |
| Less: equipment for instructional staff services | <u>-</u> |  |

|                                  |  |         |
|----------------------------------|--|---------|
| Net instructional staff services |  | 557,276 |
|----------------------------------|--|---------|

|   |          |  |
|---|----------|--|
| School administration                     | 831,764  |  |
| Less: equipment for school administration | <u>-</u> |  |

|                           |  |                |
|---------------------------|--|----------------|
| Net school administration |  | <u>831,764</u> |
|---------------------------|--|----------------|

|   |  |                     |
|---|--|---------------------|
| Total General Fund instructional expenditures |  | \$ <u>7,902,424</u> |
|---|--|---------------------|

|   |  |                          |
|---|--|--------------------------|
| Total General Fund equipment expenditures |  | \$ <u><u>334,607</u></u> |
|---|--|--------------------------|

See individual accountant's report on applying agreed-upon procedures.

Southwest Louisiana Charter Academy Foundation, Inc.  
 General Fund Instructional and Support Expenditures  
 and Certain Local Revenue Sources  
 (continued)  
 For the Year Ended June 30, 2021

---

Schedule 1

Certain Local Revenue Sources:

Local taxation revenue:

|  |    |             |
|--|----|-------------|
| Constitutional ad valorem taxes  | \$ | -           |
| Renewable ad valorem tax   |    | -           |
| Debt services ad valorem tax   |    | -           |
| Up to 1% of collections by the sheriff on<br>taxes other than school taxes |    | -           |
| Sales and use taxes  |    | -           |
|  |    | <hr/>       |
| Total local taxation revenue   | \$ | -           |
|  |    | <hr/> <hr/> |

Local earnings on investment in real property:

|   |    |             |
|---|----|-------------|
| Earnings from 16th Section property                 |    | -           |
| Earnings from other real property                   |    | -           |
|   |    | <hr/>       |
| Total local earnings on investment in real property | \$ | -           |
|   |    | <hr/> <hr/> |

State revenue in lieu of taxes:

|                                      |    |             |
|--------------------------------------|----|-------------|
| Revenue sharing - constitutional tax | \$ | -           |
| Revenue sharing - other taxes        |    | -           |
| Revenue sharing - excess portion     |    | -           |
| Other revenue in lieu of taxes       |    | -           |
|                                      |    | <hr/>       |
| Total state revenue in lieu of taxes | \$ | -           |
|                                      |    | <hr/> <hr/> |

|                            |    |       |
|----------------------------|----|-------|
| Nonpublic textbook revenue | \$ | -     |
|                            |    | <hr/> |

|                                  |    |             |
|----------------------------------|----|-------------|
| Nonpublic transportation revenue | \$ | -           |
|                                  |    | <hr/> <hr/> |

See individual accountant's report on applying agreed-upon procedures.

**Southwest Louisiana Charter Academy Foundation, Inc.**  
**Class Size Characteristics**  
**As of October 1, 2021**

---

**Schedule 2**

|                                     | Class Size Range |        |         |        |         |        |         |        |
|-------------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
|                                     | 1-20             |        | 21-26   |        | 27-33   |        | 34+     |        |
|                                     | Percent          | Number | Percent | Number | Percent | Number | Percent | Number |
| <b>School Type:</b>                 |                  |        |         |        |         |        |         |        |
| Elementary                          | 3%               | 14     | -       | -      | 1%      | 3      | 1%      | 4      |
| Elementary/activity classes         | 9%               | 35     | 8%      | 28     | 1%      | 5      | -       | -      |
| Middle/Junior High                  | 1%               | 2      | 2%      | 7      | -       | -      | 1%      | 2      |
| Middle/Junior High activity classes | 6%               | 22     | 3%      | 12     | 2%      | 2      | -       | -      |
| High                                | 43%              | 160    | 11%     | 40     | 3%      | 10     | -       | -      |
| High activity classes               | 5%               | 20     | 1%      | 3      | -       | -      | -       | -      |
| Combination                         | -                | -      | -       | -      | -       | -      | -       | -      |
| Combination activity classes        | -                | -      | -       | -      | -       | -      | -       | -      |

NOTE: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades kindergarten through 3 is 26 students and maximum enrollment in grades 4 through 12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.