

Southwest Louisiana Charter Academy
Foundation, Inc.

Combined Financial Statements
For the Year Ended June 30, 2022



Southwest Louisiana Charter Academy Foundation, Inc.

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Southwest Louisiana Charter Academy Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, 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.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Combined 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, and for 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.

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

CPA's + Trusted Advisors

Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental 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 20 through 23 and the Schedule of Board of Directors and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 27 and 28 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 and the Louisiana Legislative Auditor Statewide Agreed-Upon Procedures on pages 36 through 52 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 January 30, 2023, 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
January 30, 2023

FINANCIAL STATEMENTS



Southwest Louisiana Charter Academy Foundation, Inc.
Combined Statement of Financial Position
June 30, 2022

Current Assets:

Cash and cash equivalents	\$ 4,251,598
Custodial funds - cash	47,791
Grants receivable	1,751,369
Accrued interest receivable	1,091
Other receivables	6,703
Prepaid items	44,868
Restricted investments	749,299
	<hr/>
Total current assets	6,852,719

**Property and Equipment, Less Accumulated
Depreciation of \$ 6,235,119**

35,342,750

Other Assets:

Restricted investments	3,029,423
Deposits	11,808
	<hr/>
Total other assets	3,041,231

Total assets \$ 45,236,700

Current Liabilities:

Accounts payable and accrued expenses	\$ 458,508
Salaries and wages payable	901,317
Accrued interest payable	153,920
Due to related party	53,602
Due to management company	324,458
Custodial funds	47,791
Compensated absences	24,117
Bonds payable	515,000
	<hr/>
Total current liabilities	2,478,713

Noncurrent Liabilities:

Compensated absences	8,039
Bonds payable, net of unamortized premium, discount and bond issuance costs	38,803,713
	<hr/>

Total noncurrent liabilities 38,811,752

Total liabilities 41,290,465

Commitments (Note 11)

-

Net Assets - Without Donor Restrictions

3,946,235

Total liabilities and net assets \$ 45,236,700

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, 2022

Operating:

Support and revenues:

Support:

Contributions \$ 37,481

Grants:

Federal 3,744,329

State 711,846

Minimum Foundation Program 14,538,490

Total support 19,032,146

Revenues:

Before and aftercare fees 11,603

Other revenue 48,463

Total revenues 60,066

Total support and revenues 19,092,212

Expenses:

Program services:

Regular education 10,904,054

Special education 2,417,743

Other education 340,492

Supporting services:

Management and general 6,506,686

Total expenses 20,168,975

Increase (decrease) in net assets without donor
restrictions from operations (1,076,763)

Non-operating:

Net investment income 4,153

Insurance proceeds (Note 15) 2,967,392

Increase in net assets without donor restrictions from
non-operating activities 2,971,545

Change in net assets without donor restrictions 1,894,782

Net Assets Without Donor Restrictions, Beginning of Year 2,051,453

Net Assets Without Donor Restrictions, End of Year \$ 3,946,235

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, 2022

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management and General	
Salaries	\$ 4,964,462	\$ 1,310,052	\$ 220,843	\$ 412,418	\$ 6,907,775
Interest	-	-	-	2,664,468	2,664,468
Contracted and vendor services	906,225	171,834	1,000	835,675	1,914,734
Benefits	890,497	178,509	25,901	289,056	1,383,963
Professional services	-	-	-	1,346,497	1,346,497
Repairs and maintenance	1,123,233	148,976	-	58,212	1,330,421
Student services	767,508	105,073	-	-	872,581
Supplies and materials	569,532	215,708	7,867	59,799	852,906
Depreciation	593,419	77,384	-	20,584	691,387
Food service	359,015	46,371	73,291	-	478,677
Rent	4,114	508	-	355,289	359,911
Utilities	265,760	34,981	-	14,387	315,128
Insurance	196,084	24,342	9,104	79,042	308,572
Technology	44,751	86,999	2,486	71,455	205,691
Office expense	76,778	4,695	-	43,102	124,575
Other	-	-	-	113,789	113,789
Professional development	89,095	6,450	-	-	95,545
Marketing and recruitment	12,134	1,059	-	80,039	93,232
Travel	24,139	2,496	-	46,864	73,499
School board fees	17,308	2,306	-	16,010	35,624
Total expenses	<u>\$ 10,904,054</u>	<u>\$ 2,417,743</u>	<u>\$ 340,492</u>	<u>\$ 6,506,686</u>	<u>\$ 20,168,975</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, 2022

Cash Flows from Operating and Non-operating Activities:

Change in net assets	\$ 1,894,782
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for depreciation	691,387
Provision for amortization of bond issuance costs	152,120
Provision for amortization of bond premium and discount	(19,416)
Loss on disposal of property and equipment	(114,340)
(Increase) Decrease in:	
Grants receivable	(719,001)
Other receivables	(4,028)
Due from related party	48,961
Accrued interest receivables	(1,049)
Prepaid items	61,739
Deposits	(3,182)
Increase (Decrease) in:	
Accounts payable and accrued expenses	(1,103,027)
Salaries and wages payable	118,738
Accrued interest payable	(762)
Due to management company	133,105
Due to related party	(17,042)
Custodial funds	(8,552)
Compensated absences	(4,809)
	<u>1,105,624</u>
Net cash provided by operating and non-operating activities	<u>1,105,624</u>

Cash Flows from Investing Activities:

Sales of investments	6,112,994
Proceeds from disposal of property and equipment	300,000
Purchases of investments	(3,248,449)
Payments for purchase of property and equipment	(2,768,752)
	<u>395,793</u>
Net cash provided by investing activities	<u>395,793</u>

Cash Flows from Financing Activities:

Payments on bonds and notes payable	(470,000)
	<u>(470,000)</u>
Net cash used in financing activities	<u>(470,000)</u>

Increase in cash and cash equivalents 1,031,417

Cash and Cash Equivalents, Beginning of Year 3,267,972

Cash and Cash Equivalents, End of Year \$ 4,299,389

Cash and cash equivalents \$ 4,251,598

Custodial funds - cash 47,791

Total cash and cash equivalents \$ 4,299,389

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 2025. 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 2026. 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, 2022.

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, 2022, restricted investments include escrow balances restricted for debt service (Notes 4 and 9) and other activities as follows:

Series 2013 Debt Service Reserve	\$	1,595,243
Series 2019 Project		326,224
Series 2019 Debt Service Reserve		1,434,180
Series 2019 Interest		99,301
Series 2019 Insurance and Condemnation Proceeds		217,485
Series 2019 Repair and Replacement Reserve		83,429
Series 2019 Principal		20,065
Series 2019 Fees		1,751
Series 2019 Capitalized Interest		1,044
		<hr/>
Total restricted investments	\$	<u><u>3,778,722</u></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, 2022.

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, 2022.

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 January 30, 2023, 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, 2022, the Foundation has \$ 1,595,243 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, 2022, the Foundation has \$ 2,183,479 invested in a money market mutual fund that is stated at amortized cost which approximates fair value.

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	\$ 4,251,598
Grants and other receivables	<u>1,759,163</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,010,761</u>

Note 6 - Grants Receivable

As of June 30, 2022, grants receivable consisted of amounts due from the following sources:

<u>Receivables</u>	<u>Amount</u>
Title I	\$ 413,190
Elementary and Secondary School	
Emergency Relief Fund	563,667
Act 119 Hurricane Repair Appropriation	250,000
National School Lunch Program	67,155
IDEA	191,663
Comprehensive Literacy State Development	116,630
Healthy Communities ELC Reopening Schools	14,500
Title IV	16,297
Title III	1,889
Direct Student Services	9,720
Real-time Early Access to Literacy	1,654
Title II	55,520
Title V	1,836
Redesign 1003a	<u>47,648</u>
	<u>\$ 1,751,369</u>

Note 7 - Property and Equipment

The following is a summary of property and equipment at June 30, 2022:

Building	\$ 29,622,237
Building improvements	1,721,934
Furniture, fixtures and equipment	1,584,060
Computer equipment and software	2,389,715
Improvements other than building	1,597,555
	<u>36,915,501</u>
Less: accumulated depreciation	(6,235,119)
	<u>30,680,382</u>
Land	3,806,894
Construction in progress	855,474
	<u>855,474</u>
Property and equipment, net	<u>\$ 35,342,750</u>

Depreciation expense for the year ended June 30, 2022 totaled \$ 691,387.

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, 2022, the financial statements include an amount due to LCCAF in the amount of \$ 53,602.

Note 9 - Bonds Payable

a. Summary of Bonds Payable

Bonds payable at June 30, 2022 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%.	\$ 23,220,000
Plus unamortized bond premium	919,520
Less unamortized bond issuance costs	(477,200)
\$ 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%.	16,160,000
Less unamortized bond discount	(131,698)
Less unamortized bond issuance costs	<u>(371,909)</u>
	<u>\$ 39,318,713</u>

Southwest Louisiana Charter Academy Foundation, Inc.
Notes to Combined Financial Statements
June 30, 2022

Note 9 - Bonds Payable (continued)

The following is a summary of changes in bonds payable for the year ended June 30, 2022:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year
Revenue Bonds, Series 2019	\$ 23,435,000	\$ -	\$ (215,000)	\$ 23,220,000	\$ 240,000
Premium on Series 2019 Bonds	945,062	-	(25,542)	919,520	-
Bond issuance costs	(612,022)	-	134,822	(477,200)	-
Educational Facilities Revenue Bonds, Series 2013	16,415,000	-	(255,000)	16,160,000	275,000
Discount on Series 2013 Bonds	(137,824)	-	6,126	(131,698)	-
Bond issuance costs	(389,207)	-	17,298	(371,909)	-
	<u>\$ 39,656,009</u>	<u>\$ -</u>	<u>\$ (337,296)</u>	<u>\$ 39,318,713</u>	<u>\$ 515,000</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, 2022

Note 9 - Bonds Payable (continued)

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

Year Ending June 30,	Principal	Interest	Total
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
2027	285,000	1,138,573	1,423,573
2028-2032	1,685,000	5,456,571	7,141,571
2033-2037	2,155,000	4,981,128	7,136,128
2038-2042	2,765,000	4,369,973	7,134,973
2043-2047	3,545,000	3,585,642	7,130,642
2048-2052	4,550,000	2,578,381	7,128,381
2053-2057	5,850,000	1,283,003	7,133,003
2058	1,360,000	70,026	1,430,026
	<u>\$ 23,220,000</u>	<u>\$ 28,149,684</u>	<u>\$ 51,369,684</u>

The trust indenture requires reserve funds equal to \$ 1,430,380 for the Series 2019 bonds. As of June 30, 2022, 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. The trust indenture also contains a financial covenant which requires LCCP to maintain days cash on hand equal to or greater than 45 days. LCCP's financial covenants for the year ended June 30, 2022 are as follows:

Covenant	Requirement	Calculated
Long-term debt service coverage ratio	At least 1.10	* 1.89
Days cash on hand	At least 45 days	133

* Calculation includes insurance proceeds

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 June 30,	Principal	Interest	Total
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	365,000	1,225,269	1,590,269
2028-2032	2,320,000	5,639,905	7,959,905
2033-2037	3,455,000	4,504,171	7,959,171
2038-2042	5,185,000	2,777,128	7,962,128
2043	3,610,000	371,431	3,981,431
	<u>\$ 16,160,000</u>	<u>\$ 19,661,018</u>	<u>\$ 35,821,018</u>

The trust indenture requires reserve funds equal to \$ 1,594,678 for the Series 2013 bonds. As of June 30, 2022, 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 1.25	* 1.44

* Calculation includes insurance proceeds

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 - 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 11 - 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 \$ 1,648,941 for 2023 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 \$ 1,026,375 for the year ended June 30, 2022. 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, 2022, SWLCA had an amount due to CSUSA for \$ 324,458 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. Annual ESP fees were waived in full by the University for the year ended June 30, 2022.

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

Note 12 - Employee Benefit Plans

During the year ended June 30, 2022, 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%

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, 2021, SWLCA had forfeitures of \$ 1,138. For the year ended June 30, 2022, SWLCA contributed a matching amount of \$ 16,914.

Note 12 - Employee Benefit Plans (continued)

During the year ended June 30, 2022, 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, 2022, LCCP contributed a matching amount of \$ 40,846.

Note 13 - 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 14 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information

Cash received during the year for - Interest income	\$ 6,303
Cash paid during the year for - Interest expense	\$ 2,532,526

Note 15 - Insurance Proceeds

The Schools were hit by Category 4 Hurricane Laura on August 26 and 27, 2020, causing significant damage to the Schools. 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 \$ 2,967,392 in insurance proceeds.

Note 16 - Net Assets (Deficit)

Southwest Louisiana Charter Academy ended the year with total net assets (deficit) of \$ (2,040,977). Included in this deficit is accumulated depreciation of \$ 4,824,636. The School ended the year with cash and cash equivalents of \$ 977,070. 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 2022/2023 school year, the School has increased its enrollment by approximately 145 students over 2021/2022 enrollment. The School continues to focus on increasing enrollment.

Note 17 - Subsequent Event

Subsequent to year end the Lake Charles Charter Academy Foundation and the Southwest Louisiana Charter Academy Foundation will consolidate their respective charter schools under one foundation as approved by BESE in July 2022. The three schools Lake Charles Charter Academy, Lake Charles College Prep and Southwest Louisiana Charter Academy charters will be held by the Lake Charles Charter Academy Foundation, Inc. who will be responsible for their management and oversight.

COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS



Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Financial Position
June 30, 2022

	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Current Assets:					
Cash and cash equivalents	\$ 977,070	\$ 2,982,066	\$ 292,462	\$ -	\$ 4,251,598
Custodial funds - cash	32,424	15,367	-	-	47,791
Grants receivable	865,751	885,618	-	-	1,751,369
Accrued interest receivable	-	1,091	-	-	1,091
Due from related parties	270,615	-	-	(270,615)	-
Other receivables	6,703	-	-	-	6,703
Prepaid items	15,050	29,818	-	-	44,868
Restricted investments	-	749,299	-	-	749,299
	<u>2,167,613</u>	<u>4,663,259</u>	<u>292,462</u>	<u>(270,615)</u>	<u>6,852,719</u>
Property and Equipment, Less Accumulated Depreciation	<u>10,880,926</u>	<u>24,461,824</u>	<u>-</u>	<u>-</u>	<u>35,342,750</u>
Other Assets:					
Restricted investments	1,595,243	1,434,180	-	-	3,029,423
Deposits	11,808	-	-	-	11,808
	<u>1,607,051</u>	<u>1,434,180</u>	<u>-</u>	<u>-</u>	<u>3,041,231</u>
Total assets	<u>\$ 14,655,590</u>	<u>\$ 30,559,263</u>	<u>\$ 292,462</u>	<u>\$ (270,615)</u>	<u>\$ 45,236,700</u>
Current Liabilities:					
Accounts payable and accrued expenses	\$ 103,060	\$ 355,448	\$ -	\$ -	\$ 458,508
Salaries and wages payable	463,038	438,279	-	-	901,317
Accrued interest payable	54,812	99,108	-	-	153,920
Due to management company	324,458	-	-	-	324,458
Due to related parties	30,226	23,376	270,615	(270,615)	53,602
Custodial funds	32,424	15,367	-	-	47,791
Compensated absences	24,117	-	-	-	24,117
Bonds payable	275,000	240,000	-	-	515,000
	<u>1,307,135</u>	<u>1,171,578</u>	<u>270,615</u>	<u>(270,615)</u>	<u>2,478,713</u>
Noncurrent Liabilities:					
Compensated absences	8,039	-	-	-	8,039
Bonds payable, net of unamortized premium, discount and bond issuance costs	15,381,393	23,422,320	-	-	38,803,713
	<u>15,389,432</u>	<u>23,422,320</u>	<u>-</u>	<u>-</u>	<u>38,811,752</u>
Total noncurrent liabilities	<u>15,389,432</u>	<u>23,422,320</u>	<u>-</u>	<u>-</u>	<u>38,811,752</u>
Total liabilities	<u>16,696,567</u>	<u>24,593,898</u>	<u>270,615</u>	<u>(270,615)</u>	<u>41,290,465</u>
Net Assets (Deficit) - Without Donor Restrictions	<u>(2,040,977)</u>	<u>5,965,365</u>	<u>21,847</u>	<u>-</u>	<u>3,946,235</u>
Total liabilities and net assets	<u>\$ 14,655,590</u>	<u>\$ 30,559,263</u>	<u>\$ 292,462</u>	<u>\$ (270,615)</u>	<u>\$ 45,236,700</u>

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Activities Without Donor Restrictions
For the Year Ended June 30, 2022

	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Operating:					
Support and Revenues:					
Support:					
Contributions	\$ -	\$ -	\$ 37,481	\$ -	\$ 37,481
Grants:					
Federal	2,072,400	1,671,929	-	-	3,744,329
State	415,256	296,590	-	-	711,846
Minimum Foundation Program	<u>7,995,408</u>	<u>6,543,082</u>	<u>-</u>	<u>-</u>	<u>14,538,490</u>
Total support	<u>10,483,064</u>	<u>8,511,601</u>	<u>37,481</u>	<u>-</u>	<u>19,032,146</u>
Revenues:					
Before and aftercare fees	11,603	-	-	-	11,603
Other revenue	<u>32,435</u>	<u>16,028</u>	<u>-</u>	<u>-</u>	<u>48,463</u>
Total revenues	<u>44,038</u>	<u>16,028</u>	<u>-</u>	<u>-</u>	<u>60,066</u>
Total support and revenues	<u>10,527,102</u>	<u>8,527,629</u>	<u>37,481</u>	<u>-</u>	<u>19,092,212</u>
Expenses:					
Program services:					
Regular education	6,332,674	8,467,473	-	-	14,800,147
Special education	1,363,857	-	-	-	1,363,857
Other education	172,970	-	-	-	172,970
Supporting services:					
Management and general	<u>3,793,635</u>	<u>-</u>	<u>38,366</u>	<u>-</u>	<u>3,832,001</u>
Total expenses	<u>11,663,136</u>	<u>8,467,473</u>	<u>38,366</u>	<u>-</u>	<u>20,168,975</u>
Increase (decrease) in net assets without donor restrictions fom operations	<u>(1,136,034)</u>	<u>60,156</u>	<u>(885)</u>	<u>-</u>	<u>(1,076,763)</u>
Non-operating:					
Net investment income (loss)	(1,942)	6,090	5	-	4,153
Insurance proceeds	<u>1,837,361</u>	<u>1,130,031</u>	<u>-</u>	<u>-</u>	<u>2,967,392</u>
Increase in net assets without donor restrictions from non-operating activities	<u>1,835,419</u>	<u>1,136,121</u>	<u>5</u>	<u>-</u>	<u>2,971,545</u>
Change in net assets without donor restrictions	699,385	1,196,277	(880)	-	1,894,782
Net Assets (Deficit) Without Donor Restrictions, Beginning of Year, as Restated	<u>(2,740,362)</u>	<u>4,769,088</u>	<u>22,727</u>	<u>-</u>	<u>2,051,453</u>
Net Assets (Deficit) Without Donor Restrictions, End of Year	<u>\$ (2,040,977)</u>	<u>\$ 5,965,365</u>	<u>\$ 21,847</u>	<u>\$ -</u>	<u>\$ 3,946,235</u>

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Cash Flows
For the Year Ended June 30, 2022

	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Cash Flows from Operating and Non-operating Activities:					
Change in net assets	\$ 699,385	\$ 1,196,277	\$ (880)	\$ -	\$ 1,894,782
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Provision for depreciation	491,129	200,258	-	-	691,387
Provision for amortization of bond costs	17,298	134,822	-	-	152,120
Provision for amortization of bond premium and discount	6,126	(25,542)	-	-	(19,416)
Loss on disposal of property and equipment	-	(114,340)	-	-	(114,340)
(Increase) Decrease in:					
Grants receivable	(222,388)	(496,613)	-	-	(719,001)
Other receivables	(4,028)	-	-	-	(4,028)
Due from related parties	(253,773)	48,961	-	253,773	48,961
Accrued interest receivable	-	(1,049)	-	-	(1,049)
Prepaid items	9,054	52,685	-	-	61,739
Deposits	(3,182)	-	-	-	(3,182)
Increase (Decrease) in:					
Accounts payable and accrued expenses	(4,673)	(1,098,354)	-	-	(1,103,027)
Salaries and wages payable	(37,697)	156,435	-	-	118,738
Accrued interest payable	-	(762)	-	-	(762)
Due to management company	133,105	-	-	-	133,105
Due to related parties	(40,418)	23,376	253,773	(253,773)	(17,042)
Custodial funds	(7,840)	(712)	-	-	(8,552)
Compensated absences	(4,809)	-	-	-	(4,809)
Net cash provided by (used in) operating and non-operating activities	<u>777,289</u>	<u>75,442</u>	<u>252,893</u>	<u>-</u>	<u>1,105,624</u>
Cash Flows from Investing Activities:					
Sales of investments	1,695,749	4,417,245	-	-	6,112,994
Proceeds from disposal of property and equipment	-	300,000	-	-	300,000
Purchases of investments	(1,638,834)	(1,609,615)	-	-	(3,248,449)
Payments for purchase of property and equipment	(82,618)	(2,686,134)	-	-	(2,768,752)
Net cash provided by (used in) investing activities	<u>(25,703)</u>	<u>421,496</u>	<u>-</u>	<u>-</u>	<u>395,793</u>
Cash Flows from Financing Activities:					
Payments on bonds and notes payable	(255,000)	(215,000)	-	-	(470,000)
Net cash provided by (used in) financing activities	<u>(255,000)</u>	<u>(215,000)</u>	<u>-</u>	<u>-</u>	<u>(470,000)</u>
Increase (decrease) in cash and cash equivalents	496,586	281,938	252,893	-	1,031,417
Cash and Cash Equivalents, Beginning of Year	<u>512,908</u>	<u>2,715,495</u>	<u>39,569</u>	<u>-</u>	<u>3,267,972</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,009,494</u>	<u>\$ 2,997,433</u>	<u>\$ 292,462</u>	<u>\$ -</u>	<u>\$ 4,299,389</u>

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Cash Flows
(Continued)
For the Year Ended June 30, 2022

	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Cash and cash equivalents	\$ 977,070	\$ 2,982,066	\$ 292,462	\$ -	\$ 4,251,598
Custodial funds - cash	<u>32,424</u>	<u>15,367</u>	<u>-</u>	<u>-</u>	<u>47,791</u>
Total cash and cash equivalents	<u>\$ 1,009,494</u>	<u>\$ 2,997,433</u>	<u>\$ 292,462</u>	<u>\$ -</u>	<u>\$ 4,299,389</u>

SUPPLEMENTAL INFORMATION



Southwest Louisiana Charter Academy Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Federal Agency/Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:				
Indirect Programs:				
U.S. Department of Agriculture -				
Passed through Louisiana Department of				
Agriculture -				
National School Lunch Program	10.555	-	\$ 686,657	\$ -
School Breakfast Program	10.553	-	<u>149,692</u>	<u>-</u>
Total U.S. Department of Agriculture and Total Child Nutritional Cluster			<u>836,349</u>	<u>-</u>
Department of Education -				
Passed through Louisiana Department of				
Education -				
Title I Grants to Local Educational Agencies	84.010	-	567,235	-
Redesign Planning Grant 1003a	84.010	-	144,280	-
		Total 84.010	<u>711,515</u>	<u>-</u>
Special Education - Grants to States	84.027	-	286,565	-
English Language Acquisition State Grants	84.365	-	1,889	-
Supporting Effective Instruction State Grant	84.367	-	67,486	-
Rural Education Achievement Program	84.358B	-	1,913	-
Student Support and Academic Enrichment Program	84.424	-	17,416	-
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425D	-	1,138,321	-
	84.425U	-	300,626	-
		Total 84.425	<u>1,438,947</u>	<u>-</u>
Total U.S. Department of Education			<u>2,525,731</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

Southwest Louisiana Charter Academy Foundation, Inc.
 Schedule of Expenditures of Federal Awards
 (Continued)
 For the Year Ended June 30, 2022

<u>Federal Agency/Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Emergency Management Agency Passed through Louisiana Governor's Office of Homeland Security & Emergency Management Disaster Grants - Public Assistance	97.036	-	<u>382,249</u>	<u>-</u>
Total Federal Emergency Management Agency			<u>382,249</u>	<u>-</u>
Total expenditures of Federal Awards			\$ <u><u>3,744,329</u></u>	\$ <u><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, 2022. 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, 2022

<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
Ms. Nicole Simien, Trustee	\$ 0
Ms. Sylvia Stelly, Trustee	\$ 0
Mr. Charles Honore, Trustee	\$ 0
Mr. Ron Richard, Trustee	\$ 0
Ms. Patricia Lawrence, Trustee	\$ 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, 2022**

Agency Head: Judge Ulysses Gene Thibodeaux, President

Purpose	Amount
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, 2022, 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 January 30, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

CPA's + Trusted Advisors

Report on 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 Foundation'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
January 30, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL 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

Opinion on Each Major Federal Program

We have audited Southwest Louisiana Charter Academy Foundation, Inc. (a not-for-profit organization) (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards, and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 30, 2023

**Southwest Louisiana Charter Academy Foundation, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022**

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>
10.555	United States Department of Agriculture - National School Lunch Program
10.553	School Breakfast Program
84.425	United States Department of Education - Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act

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

None Reported.

SECTION V - CURRENT YEAR AUDIT FINDINGS

2022-001: Delayed Financial Reporting

Condition: The audit report was completed after the statutory deadline of December 31, 2022.

Criteria: State Law requires the audit report to be completed and submitted to the Legislative Auditor by December 31, 2022.

Cause: During the year, the Foundation underwent staffing challenges which created difficulty with the timeliness of providing the requested documentation.

Effect: The Foundation was not granted an extension with the Louisiana Legislative Auditor. Therefore, the report was required to be submitted no later than December 31, 2022 resulting in the Foundation being non-compliant with reporting requirements of State Law.

Recommendation: The Foundation should ensure requested documentation is provided to allow sufficient time for the auditor to complete their procedures in accordance with State Law.

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, 2022; 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 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

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
January 30, 2023

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

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

Schedule 2 Class Size Characteristics

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

**Southwest Louisiana Charter Academy Foundation, Inc.
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2022**

Schedule 1

General Fund Instructional and Equipment Expenditures:

General Fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 4,433,242	
Other instructional staff activities	372,268	
Instructional staff employee benefits	784,738	
Purchased professional and technical services	225,278	
Instructional materials and supplies	605,500	
Instructional equipment	<u>105,703</u>	

Total teacher and student interaction activities		\$ 6,526,729
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Other instructional activities	779,218	779,218
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Pupil support activities	560,798	
Less: equipment for pupil support activities	<u>-</u>	

Net pupil support activities		560,798
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Instructional staff services	477,053	
Less: equipment for instructional staff services	<u>-</u>	

Net instructional staff services		477,053
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School administration	868,203	
Less: equipment for school administration	<u>-</u>	

Net school administration		<u>868,203</u>
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Total General Fund instructional expenditures		\$ <u><u>9,212,001</u></u>
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Total General Fund equipment expenditures		\$ <u><u>105,703</u></u>
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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, 2022

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 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
School Type:								
Elementary	7%	41	14%	80	5%	26	1%	2
Elementary/activity classes	1%	4	3%	17	-	-	1%	2
Middle/Junior High	1%	4	3%	17	4%	21	2%	12
Middle/Junior High activity classes	-	1	-	-	1%	1	1%	2
High	33%	172	12%	60	2%	13	-	-
High activity classes	8%	41	1%	4	-	1	-	-
Combination	-	-	-	-	-	-	-	-
Combination activity classes	-	-	-	-	-	-	-	-

NOTE: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades 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.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES



INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees of Southwest Louisiana Charter Academy Foundation, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Foundation's management is responsible for those C/C areas identified in the SAUPs.

The Foundation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the Foundation's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or reported that the Foundation does not have any written policies and procedures), as applicable to public funds and the Foundation's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Foundation's ethics policy.
- j) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- k) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Comment: No findings were identified.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
 - a) Observed whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observed whether the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Foundation's collections during the fiscal period.

Comment: No findings were identified.

Bank Reconciliations

- 3. We obtained a listing of Foundation bank accounts for the fiscal year from management and management's representation that the listing is complete. We asked management to identify the Foundation's main operating account. We selected the Foundation's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that
 - a. Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

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

Comment: No findings were identified.

Collections

- 4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete.
- 5. We randomly selected five deposits sites (or all deposit sites if less than 5). For each deposit site selected, we obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed the bond or insurance policy for theft was enforced during the fiscal period.
- 7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above, as applicable, obtained supporting documentation for each of the 10 deposits, and:
 - a) Observed that receipts were sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.

- d) Observed whether the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Traced the actual deposit per the bank statement to the general ledger.

Comment: In testing, we discovered that certain deposit component items had been collected as many as ninety-one days prior to depositing into the bank account. This pattern for the period between collection and depositing seemed to be unpredictable, and in some instances, was as short as zero days.

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

- 8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, we obtained the Foundation's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and:
 - a) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Foundation.
 - b) Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Comment: No findings were identified.

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if the Foundation has less than 5 cards) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), obtained supporting documentation, and:
 - a) Observed whether there was evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
- 13) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions.
 - a) For each transaction, we observed whether the transaction was supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased)
 - ii. Documentation of the business/public purpose
 - iii. For meal charges, documentation of the individuals participating

Comment: No findings were identified.

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

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

- d) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Comment: No findings were identified.

Contracts

- 15) We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period, or alternately an active vendor list. We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

Comment: No findings were identified.

Payroll and Personnel

- 16) We obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- 17) We randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
 - a) Observed whether whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observed whether supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Observed whether any leave accrued or taken during the pay period was reflected in the Foundation's cumulative leave records.
 - d) Observed whether the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.

- 18) We obtained from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Foundation's policy on termination payments. We agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to entity policy.
- 19) We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Comment: No findings were identified.

Ethics

- 20) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:
 - a) Observed whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observed whether the Foundation maintains documentation which demonstrates each employee and official were notified of any changes to the Foundation's ethics policy during the fiscal period, as applicable.

Comment: No findings were identified.

Fraud Notice

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

Comment: No findings were identified.

Information Technology Disaster Recovery/Business Continuity

- 23) We performed the following procedures and discussed the results with management:
 - a) We obtained and inspected the Foundation's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) We obtained and inspected the Foundation's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.

- c) We obtained a listing of the Foundation's computers currently in use and their related locations, and management's representation that the listing is complete. We randomly select 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Comment: No findings were identified.

Sexual Harassment

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

Comment: No findings were identified.

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

We are required to be independent of the Foundation 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 those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Keefe McCullough

KEEFE McCULLOUGH

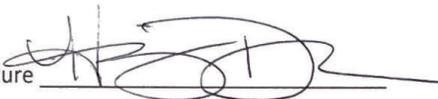
Fort Lauderdale, Florida
January 30, 2023



LAKE CHARLES COLLEGE PREP

Response to Exception in AUP Results Report

We have done a preliminary review of the recommendation in the AUP results. We are in agreement with the report as provided by Keefe McCullough & Co. The Southwest Louisiana Charter Academy Foundation, Inc. will add policies and procedures and implement changes where necessary to meet the expectations identified in the report.

Signature 

Title Sr. VP of Accounting and Finance