
SOUTH LOUISIANA CHARTER FOUNDATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2020

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
South Louisiana Charter Foundation, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the South Louisiana Charter Foundation, Inc. (the Foundation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statement of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statement of financial position, combining statement of activities and changes in net assets, South Baton Rouge Charter Academy statement of functional expenses, Iberville Charter Academy statement of functional expenses, and the schedule of compensation, benefits and other payments to board president presented on pages 15-19, as well as the schedule of expenditures of federal awards presented on pages 24-25, required by Uniform Guidance, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The performance and statistical data on pages 32-34 are presented as supplementary information required by Louisiana State Law and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2020

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS:

Cash	\$	534,713
Cash - restricted		57,827
Grants receivable		917,192
Other receivables - E-rate		2,694
Prepaid expenses and other		3,338
Total current assets		1,515,764

PROPERTY AND EQUIPMENT (NET):

17,930,227

NON-CURRENT ASSETS:

Utility deposit		31,414
Total non-current assets		31,414

Total assets

\$ 19,477,405

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	220,600
Accrued payroll and related expenses		484,498
Accrued other expenses - see Note 10		18,281
Due to CSUSA		740,907
Accrued interest payable - short term portion		613,876
Capital lease payable - short term portion		81,573
Deferred revenues		460
Funds held in custody		57,827
Total current liabilities		2,218,022

LONG TERM LIABILITIES:

Accrued interest payable		117,115
Capital lease payable		22,982,092
Total long-term liabilities		23,099,207

NET DEFICIT:

Without donor restrictions		(5,839,824)
Total net deficit		(5,839,824)

Total liabilities and net deficit

\$ 19,477,405

The accompanying notes are an integral part of this financial statement.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

Revenue, Grants and Other Support

Minimum Foundation Program (MFP)	\$ 13,850,627
Federal grants	1,179,890
State grants	123,377
Paid meals	4,259
Before and aftercare fees	26,059
E-rate revenues	58,244
Interest income	7,231
Other income	22,065
	<hr/>
Total revenues, grants, and other support without donor restrictions	15,271,752
	<hr/>

Expenses:

Program services:	
Regular education	9,579,103
Special education	1,771,029
Other education	233,658
Total program services	<hr/> 11,583,790
Supporting services:	
Management and general	<hr/> 3,709,425
	<hr/>
Total expenses	15,293,215
	<hr/>
Change in net assets	(21,463)

**NET DEFICIT AT BEGINNING
OF THE YEAR**

(5,818,361)

NET DEFICIT AT END OF THE YEAR

\$ (5,839,824)

The accompanying notes are an integral part of this financial statement.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 3,778,574	\$ 793,903	\$ 175,826	\$ 426,381	\$ 5,174,684
Benefits	638,305	115,678	33,016	100,257	887,256
Professional Services	1,517	169	-	76,703	78,389
Contracted/Vendor Services	1,162,216	416,309	-	855,701	2,434,226
Professional Development	123,119	13,701	-	-	136,820
Supplies/Materials	470,493	52,359	-	28,805	551,657
Utilities	300,345	33,424	-	11,079	344,848
Repairs and Maintenance	612,242	68,133	-	22,577	702,952
Insurance	97,349	10,834	-	3,670	111,853
Interest	-	-	-	2,060,639	2,060,639
Depreciation and amortization	894,982	99,597	-	33,006	1,027,585
School Board Fees	163,950	18,245	-	-	182,195
Travel	24,161	2,689	-	14,292	41,142
Marketing/Recruitment	83,372	9,278	-	2,995	95,645
Food Service	291,056	32,390	24,816	4,476	352,738
Technology	64,800	7,212	-	38,213	110,225
Office expense	44,720	4,976	-	9,417	59,113
Student Services	618,247	68,801	-	-	687,048
Property Tax	209,655	23,331	-	7,733	240,719
Other	-	-	-	13,481	13,481
	\$ 9,579,103	\$ 1,771,029	\$ 233,658	\$ 3,709,425	\$ 15,293,215

The accompanying notes are an integral part of this financial statement.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (21,463)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,027,585
Decrease (increase) in:	
Federal program receivables	511,354
Other receivables	2,595
Due to CSUSA	(260,971)
Prepaid expenses and other	1,114
Other assets	(1,024)
Increase (decrease) in:	
Accounts payable	124,885
Accrued payroll and related expenses	(39,423)
Accrued other expenses	(6,976)
Funds held in custody	7,708
Interest restricted for long-term investment	(600,845)
Net cash provided by operating activities	<u>744,539</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(186,148)</u>
Net cash used in investing activities	<u>(186,148)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on capital leases	<u>(169,867)</u>
Net cash used in financing activities	<u>(169,867)</u>

Net increase in cash	388,524
Beginning cash balance	<u>204,016</u>
Ending cash balance	<u>\$ 592,540</u>

Reconciliation of Cash Balances

Cash	\$ 534,713
Cash - restricted	<u>57,827</u>
Ending cash balance	<u>\$ 592,540</u>

Supplemental disclosure of cash flow information

Interest paid (net of capitalized interest of \$730,991)	<u>\$ 2,531,338</u>
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The accompanying notes are an integral part of this financial statement.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

South Louisiana Charter Foundation, Inc. (the Foundation) is a Louisiana not-for-profit entity organized exclusively for educational purposes for providing high quality educational options for the students and families of Louisiana. For the 2019-2020 school year, the Foundation operated Iberville Charter Academy (Iberville), under a Type 2 charter agreement pursuant to Louisiana Revised Statutes, Title 17, Chapter 42 with the Louisiana Board of Secondary Education (BESE), and South Baton Rouge Charter Academy (South Baton Rouge), under a Type 1 charter agreement pursuant to Louisiana Revised Statutes, Title 17, Chapter 42 with the East Baton Rouge Parish School Board. The Iberville and South Baton Rouge charter agreements will terminate on June 30, 2022, unless extended at the discretion of BESE. Collectively, the schools had enrollment of approximately 1,150 students for the 2019-2020 school year.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Foundation has no net assets with donor restrictions for the year ended June 30, 2020.

Functional Allocation of Expenses by Nature and Class

The costs of providing the various programs and administrative activities have been summarized on a functional basis in the statement of functional expenses by nature and class. Accordingly, certain costs have been allocated between program services and management and general services benefited. Such allocations are determined by management on an equitable basis as noted on the following page.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Functional Allocation of Expenses by Nature and Class (continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries	Enrollment, square footage, time and effort
Benefits	Enrollment, square footage, time and effort
Professional services	Time and effort
Contracted/vendor services	Enrollment
Professional development	Enrollment
Supplies/materials	Enrollment, square footage, time and effort
Utilities	Square footage
Repairs and maintenance	Square footage
Insurance	Square footage, time and effort
Depreciation and amortization	Square footage
School board fees	Enrollment
Travel	Enrollment, time and effort
Marketing/recruitment	Enrollment, square footage
Food service	Enrollment, time and effort
Technology	Square footage, time and effort
Office expense	Enrollment, square footage
Student services	Enrollment
Property tax	Enrollment, square footage

There were no fundraising costs for the year ended June 30, 2020.

Use of Estimates

Management used estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the disclosures, and the reported amounts of assets and liabilities, and the reported revenues and expenditures. Significant estimates have been applied in the determination of depreciation in the preparation of the accompanying financial statements. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Funds Held in Custody

The Foundation considers all student activity funds and unexpended income from these funds to be funds held in custody. All funds held in custody are recorded in the statement of financial position at cost which represents their fair values.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Grants Receivable

Grants receivable represents amounts owed to the Foundation for costs incurred under federal and state grant contracts which are reimbursable to the Foundation. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible contracts receivable when management determines that the receivable will not be collected. Management has concluded that all receivables are collectible, and as such, no allowance for doubtful accounts has been established as of June 30, 2020.

Public Support and Revenue Recognition

The Foundation receives grants from the private and public sectors. The public sector grants are for specific purposes and are passed through the Louisiana Department of Education. Additionally, the Foundation receives Minimum Foundation Program (MFP) funding from the Louisiana Department of Education through the Louisiana Board of Elementary and Secondary Education according to the per student funding formula set forth by the Department of Education and an apportionment of local taxes. Substantially all state grants and support are without donor restrictions. A substantial portion of federal grants are expenditure driven and as such is classified as without donor restrictions in the Statement of Activities and Changes in Net Assets. The Foundation also receives federal support for food service that is based on the number of meals served to students. As such, revenue is recognized as meals are served. Before and after care fees are recognized when earned.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions whose donor restrictions are met in the same reporting period are reported as without donor restrictions.

Cash

For purposes of the statement of cash flows, cash includes all cash accounts held at financial institutions and cash on hand. At June 30, 2020, the balances in the cash accounts did not exceed the amount insured by the Federal Deposit Insurance Corporation. Management believes the credit risk associated with these deposits is minimal. Restricted cash represents amounts held by the Foundation for the funds held in custody.

Advertising

The Foundation expenses advertising costs as they are incurred. Such expenses totaled \$93,255 during the fiscal year ended June 30, 2020.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Property and Equipment

The Foundation has adopted the practice of capitalizing all expenditures for depreciable assets for per unit cost which exceeds \$750 or an asset purchase over \$5,000. Property and equipment is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives ranging from 3 to 20 years. Maintenance and repairs are charged to expense when incurred. Leasehold improvements are amortized over 20 years.

Tax Exempt Status

The Foundation is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes and as such no provision has been made for federal and state income taxes. If the Foundation would engage in activities unrelated to the purpose for which it was created, taxable income could result. The Foundation had no material unrelated business income for the fiscal year ended June 30, 2020.

The Foundation recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and other information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

New Accounting Pronouncements

The Foundation adopted Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* during the current year. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This pronouncement did not have a material impact on the Foundation's financial statements.

Accounting Pronouncements Issued but not yet Adopted

FASB has issued ASU No. 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2019.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Accounting Pronouncements Issued but not yet Adopted (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2020.

The Foundation is currently assessing the impact of these pronouncements on the financial statements.

2. **LIQUIDITY AND AVAILABILITY**

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

Current financial assets at year end:

Cash and cash equivalents	\$ 534,713
Other receivables – E-rate	2,694
Grants receivable	<u>917,192</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,454,599</u>

Management regularly monitors liquidity to meet the School's operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the School has available. See Note 7 for the terms of the management agreement with CSUSA that can provide additional liquidity to the Foundation.

3. **GRANTS RECEIVABLE**

Receivables due from other governmental agencies at June 30, 2020, consists of \$216,884, representing amounts due from the Louisiana Department of Education for federal pass through grants under the Title I program, Title II program, Title IV program and IDEA program. An additional \$605,644 is due from the Louisiana Department of Education for Minimum Foundation Program revenues earned but not paid. The remaining \$94,664 is due from a Louisiana non-profit organization that serves Louisiana area schools.

4. **PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at June 30, 2020:

Buildings and leasehold improvements	\$ 23,255,181
Furniture & fixtures	990,914
Equipment and software	<u>1,288,810</u>
Total cost	\$ 25,534,905
Less: Accumulated depreciation	<u>(7,604,678)</u>
Total Property and equipment	<u>\$ 17,930,227</u>

Depreciation and amortization expense for the year ending June 30, 2020, was \$1,027,585.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

5. FUNDS HELD IN CUSTODY

Collections from student activities are funds under the supervision of the Foundation; however, these funds belong to the schools or their student bodies and are not available for use in operations.

6. CONCENTRATION OF SUPPORT

The Foundation received 90.14% of its support from MFP funding and 7.68% of its support from federal grants passed through the Louisiana Department of Education during the year ending June 30, 2020. The loss or significant reduction of state and federal funding could have a material adverse effect on the Foundation's operations.

7. COMMITMENTS

The Foundation has a formal agreement with Charter Schools USA, Inc. (CSUSA) to manage, staff, and operate the School. The agreement states that CSUSA shall be entitled to a management fee and cost reimbursements for its services. The management fee is 15% of revenues which shall be set forth within the approved annual budget or a lesser percentage if, as otherwise agreed to, by CSUSA. During the fiscal year, CSUSA retroactively reduced the management fee based on the cash flow needs of the schools under the terms of the management agreement which is to offset future management fee charges. The management agreement also allows for CSUSA to make operating advances to the Foundation in the event there are insufficient funds in the operating account to pay operating expenses.

Addendums to the management agreements between the Foundation and CSUSA were signed on May 31, 2016. The addendums allow CSUSA to recoup previously reduced management fees in future years, provided the school budgets can reasonably accommodate recoupment of all or a portion of the accumulated difference between the initial budgeted fees and the actual fees paid. Iberville's management fees were reduced by \$568,476 and South Baton Rouge's management fees were reduced by \$519,063 for the year ended June 30, 2020.

At June 30, 2020, the Foundation owed CSUSA \$740,907 related to operation and trade payables. This amount is reflected as amounts due to CSUSA in the statement of financial position.

For the year ended June 30, 2020, the amount of compensation paid to CSUSA totaled \$1,028,277 for operating the school as well as the aftercare program. These amounts are included in contracted and vendor services on the statement of functional expenses.

8. CAPITAL LEASE

The Foundation has entered into a 20-year capital lease agreement for property and athletic fields for each of the charter schools. The leases are held by an affiliate of CSUSA. Effective July 1, 2017, there was a lease incentive provided to the schools which resulted in a reassessment of the lease agreement. The result of the reassessment is an updated interest rate for the lease at the date of reassessment on the basis of the remaining lease term and remaining payments.

For Iberville Charter, interest on the original lease was 9.779% and changed to 8.284%. Principal payments which commenced on January 1, 2018 per the original lease, changed to commence on November 1, 2021. The reassessment of the lease agreement resulted in a decrease in payments of \$906,225, which was paid to the Foundation in October 2018. The lease agreement expires on June 1, 2034.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

8. CAPITAL LEASE (continued)

South Baton Rouge Charter Academy Interest on the original lease was 9.845% and changed to 8.687%. Principal payments which commenced on January 1, 2018 per the original lease, changed to commence on April 1, 2021. The reassessment of the lease agreement resulted in a decrease in payments of \$506,504, which was paid to the Foundation in October 2018. The lease agreement expires on June 1, 2034.

Payments are due in monthly installments and are considered late five days after the due date. A five percent late fee is assessed on any payment received after its scheduled due date. No security deposit was required upon execution of these leases. Accrued interest payable related to these capital leases in the amount of \$730,991 was outstanding at June 30, 2020.

The future minimum lease payments under these capital lease obligations as of June, 30, 2020, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 2,695,272
2022	2,735,700
2023	2,776,740
2024	2,818,380
2025	2,860,668
Thereafter	<u>27,756,228</u>
Total Minimum Lease Payments	41,642,988
Less: Amounts Representing Interest	<u>(18,579,323)</u>
Present Value of Minimum Lease Payments	23,063,665
Less: Current Portion	<u>(81,573)</u>
Capital Lease Payable - Long Term	<u>\$ 22,982,092</u>

9. FEDERAL GRANTS

The Foundation received federal assistance from the following programs for the year ended June 30, 2020, which were all passed through the Louisiana Department of Education.

US Department of Education	
Title I	\$ 544,571
IDEA and Preschool Grants	<u>155,155</u>
	<u>699,726</u>
US Department of Agriculture	
National School Lunch and Breakfast Program	<u>480,164</u>
Total	<u>\$ 1,179,890</u>

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

10. CONTINGENT LIABILITIES

The Foundation may from time-to-time be subject to claims and liabilities in the normal course of business. A general liability policy has been purchased to cover the costs of such claims. No such claims are outstanding as of June 30, 2020.

The continuation of the Foundation is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contracts with the Board of Elementary and Secondary Education and East Baton Rouge Parish School Board. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contracts, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contracts. The contracts shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

11. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 outbreak, if any, on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the local and national economy which remains uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may directly or indirectly impact the Foundation's financial condition or results of operations cannot be reasonably estimated at this time.

For the year ended June 30, 2021, the COVID-19 pandemic continues to impact the Foundation. However, major disruptions to budgets, operations and its ability to execute its educational mission have been avoided. Additionally, the Foundation received \$131,132 in grant funding for pandemic relief under the Elementary and Secondary School Emergency Relief provisions of the CARES Act through the Louisiana Department of Education subsequent to June 30, 2020.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2020, and determined that there were no additional events that require disclosure. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	<u>South Baton</u>		<u>Eliminating</u>	
	<u>Rouge</u>	<u>Iberville</u>	<u>Entries</u>	<u>Combined</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash	163,687	\$ 371,026	\$ -	\$ 534,713
Cash - restricted	40,901	16,926	-	57,827
Grants receivable	679,805	237,387	-	917,192
Other receivables - E-rate	-	2,694	-	2,694
Prepaid expenses and other	-	3,338	-	3,338
Total current assets	<u>884,393</u>	<u>631,371</u>	<u>-</u>	<u>1,515,764</u>
<u>PROPERTY AND EQUIPMENT (NET):</u>	<u>9,677,671</u>	<u>8,252,556</u>	<u>-</u>	<u>17,930,227</u>
<u>NON-CURRENT ASSETS:</u>				
Utility deposit	16,414	15,000	-	31,414
Total non-current assets	<u>16,414</u>	<u>15,000</u>	<u>-</u>	<u>31,414</u>
Total assets	<u>\$ 10,578,478</u>	<u>\$ 8,898,927</u>	<u>\$ -</u>	<u>\$ 19,477,405</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts payable	\$ 8,716	\$ 211,884	\$ -	\$ 220,600
Accrued payroll and related expenses	336,836	147,662	-	484,498
Accrued other expenses - see Note 10	337	17,944	-	18,281
Due to CSUSA	510,023	230,884	-	740,907
Accrued interest payable - short term portion	312,658	301,218	-	613,876
Capital lease payable - short term portion	81,573	-	-	81,573
Deferred revenues	-	460	-	460
Funds held in custody	40,901	16,926	-	57,827
Total current liabilities	<u>1,291,044</u>	<u>926,978</u>	<u>-</u>	<u>2,218,022</u>
<u>LONG TERM LIABILITIES:</u>				
Accrued interest payable	-	117,115	-	117,115
Capital lease payable	13,362,289	9,619,803	-	22,982,092
Total long-term liabilities	<u>13,362,289</u>	<u>9,736,918</u>	<u>-</u>	<u>23,099,207</u>
<u>NET DEFICIT:</u>				
Without donor restriction	<u>(4,074,855)</u>	<u>(1,764,969)</u>	<u>-</u>	<u>(5,839,824)</u>
Total liabilities and net deficit	<u>\$ 10,578,478</u>	<u>\$ 8,898,927</u>	<u>\$ -</u>	<u>\$ 19,477,405</u>

See independent auditors' report.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>South Baton Rouge</u>	<u>Iberville</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Revenue, Grants and Other Support				
Minimum Foundation Program (MFP)	\$ 8,327,065	\$ 5,523,562	\$ -	\$ 13,850,627
Federal grants	613,336	566,554	-	1,179,890
State Grants	106,029	17,348	-	123,377
Paid meals	620	3,639	-	4,259
Before and aftercare fees	16,429	9,630	-	26,059
E-rate revenues	28,255	29,989	-	58,244
Interest income	5,510	1,721	-	7,231
Other income	22,065	-	-	22,065
Total revenues, grants, and other support without donor restrictions	<u>9,119,309</u>	<u>6,152,443</u>	<u>-</u>	<u>15,271,752</u>
Expenses:				
Program services:				
Regular education	5,972,592	3,606,511	-	9,579,103
Special education	968,534	802,495	-	1,771,029
Other education	216,711	16,947	-	233,658
Total program services	<u>7,157,837</u>	<u>4,425,953</u>	<u>-</u>	<u>11,583,790</u>
Supporting services:				
Management and general	<u>2,139,050</u>	<u>1,570,375</u>	<u>-</u>	<u>3,709,425</u>
Total expenses	<u>9,296,887</u>	<u>5,996,328</u>	<u>-</u>	<u>15,293,215</u>
Change in net assets	(177,578)	156,115	-	(21,463)
<u>NET DEFICIT AT BEGINNING OF THE YEAR</u>	<u>(3,897,277)</u>	<u>(1,921,084)</u>	<u>-</u>	<u>(5,818,361)</u>
<u>NET DEFICIT AT END OF THE YEAR</u>	<u><u>\$ (4,074,855)</u></u>	<u><u>\$ (1,764,969)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,839,824)</u></u>

See independent auditors' report.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
SOUTH BATON ROUGE CHARTER ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 2,614,365	\$ 505,292	\$ 167,572	\$ 229,338	\$ 3,516,567
Benefits	464,840	74,628	31,691	50,850	622,009
Professional Services	1,167	130	-	37,990	39,287
Contracted/Vendor Services	328,664	103,201	-	485,344	917,209
Professional Development	12,850	1,430	-	-	14,280
Supplies/Materials	263,422	29,315	-	17,417	310,154
Utilities	139,597	15,535	-	5,149	160,281
Repairs and Maintenance	379,504	42,233	-	13,995	435,732
Insurance	61,190	6,810	-	2,312	70,312
Interest	-	-	-	1,214,493	1,214,493
Depreciation and amortization	660,402	73,492	-	24,355	758,249
School Board Fees	151,549	16,865	-	-	168,414
Travel	15,429	1,717	-	9,032	26,178
Marketing/Recruitment	41,932	4,666	-	1,509	48,107
Food Service	209,024	23,261	17,448	2,520	252,253
Technology	49,473	5,506	-	29,042	84,021
Office expense	26,494	2,948	-	4,256	33,698
Student Services	425,032	47,299	-	-	472,331
Property Tax	127,658	14,206	-	4,708	146,572
Other	-	-	-	6,740	6,740
	\$ 5,972,592	\$ 968,534	\$ 216,711	\$ 2,139,050	\$ 9,296,887

See independent auditors' report.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
IBERVILLE CHARTER ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 1,164,209	\$ 288,611	\$ 8,254	\$ 197,043	\$ 1,658,117
Benefits	173,465	41,050	1,325	49,407	265,247
Professional Services	350	39	-	38,713	39,102
Contracted/Vendor Services	833,552	313,108	-	370,357	1,517,017
Professional Development	110,269	12,271	-	-	122,540
Supplies/Materials	207,071	23,044	-	11,388	241,503
Utilities	160,748	17,889	-	5,930	184,567
Repairs and Maintenance	232,738	25,900	-	8,582	267,220
Insurance	36,159	4,024	-	1,358	41,541
Interest	-	-	-	846,146	846,146
Depreciation and amortization	234,580	26,105	-	8,651	269,336
School Board Fees	12,401	1,380	-	-	13,781
Travel	8,732	972	-	5,260	14,964
Marketing/Recruitment	41,440	4,612	-	1,486	47,538
Food Service	82,032	9,129	7,368	1,956	100,485
Technology	15,327	1,706	-	9,171	26,204
Office expense	18,226	2,028	-	5,161	25,415
Student Services	193,215	21,502	-	-	214,717
Property Tax	81,997	9,125	-	3,025	94,147
Other	-	-	-	6,741	6,741
	<u>\$ 3,606,511</u>	<u>\$ 802,495</u>	<u>\$ 16,947</u>	<u>\$ 1,570,375</u>	<u>\$ 5,996,328</u>

See independent auditors' report.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO BOARD PRESIDENT
FOR THE YEAR ENDED JUNE 30, 2020

Board President, John Pierre

<u>Purpose</u>	<u>Amount</u>
None	\$ -
	<u>\$ -</u>

See independent auditors' report.

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

To the Board of Directors for
South Louisiana Charter Foundation, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Louisiana Charter Foundation, Inc. (a nonprofit organization), which are comprised of the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provision of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2020

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

South Louisiana Charter Foundation, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the South Louisiana Charter Foundation Inc.'s (the Foundation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2020. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2020

SOUTH LOUISIANA CHARTER FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2020</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE - 18/19	10.555 ¹	\$ 367,599
National School Breakfast Program	LDE - 18/19	10.553 ¹	<u>112,565</u>
Total US Department of Agriculture			<u><u>480,164</u></u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	28-19-T1-L4	84.010A	544,571
Pre School Development	28-19-35-L4	84.419	84,028
IDEA	28-20-B1-ED	84.027 ²	71,127
Total US Department of Education			<u><u>699,726</u></u>
Total Expenditures			<u><u>\$ 1,179,890</u></u>

¹ Child Nutrition Cluster - \$480,164

² Special Education Cluster -\$71,127

None of the above listed federal awards were passed through to subgrantees.

See accompanying notes to the schedule of expenditures of federal awards.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – DE MINIMUS COST RATE

During the year ended June 30, 2020, the Foundation did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial
statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.553	Child Nutrition Cluster

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The Foundation was determined to be a low-risk auditee.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

Independent Accountants' Report On Applying Agreed-Upon Procedures

To the Members of the
South Louisiana Charter Foundation,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the South Louisiana Charter Foundation, the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the South Louisiana Charter Foundation for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the South Louisiana Charter Foundation is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Note: The report and the related schedules do not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

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 Schedule 1:
 - 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)

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

Of the 10 classes selected for Iberville Charter Academy, we noted the following discrepancies in 6 classes between the roll book counts and the number reported in Schedule 2

Number of Students Reported	Roll Book Counts	Difference
26	24	2
23	20	3
11	13	(2)
15	14	1
13	14	(1)
35	34	1

Education Level of Public School Staff (NO SCHEDULE)

- 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. We traced a sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the PEP data (or equivalent listing prepared by management).

For 1 out of the 25 individuals selected, the education level was not properly classified on the PEP data.

For 1 out of the 25 individuals selected, certification status was not properly classified on the PEP data.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (NO SCHEDULE)

- We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), of full-time teachers, principals, and assistant principals by classification. We traced the same sample used in procedure 3 to the individual's personnel file and determined if the individual's experience was properly classified on the PEP data (or equivalent listing prepared by management).

For 4 out of the 25 individuals selected, the years of experience was not properly classified on the PEP data.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

For 1 out of the 25 individuals selected, salary was not properly classified on the PEP data.

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

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 the South Louisiana Charter Foundation 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2020

SOUTH LOUISIANA CHARTER FOUNDATION
BATON ROUGE, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data)
As of and for the Year Ended June 30, 2020

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 (Formerly Schedule 6) 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.

SOUTH LOUISIANA CHARTER FOUNDATION
Baton Rouge, Louisiana

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,087,884	
Other Instructional Staff Activities	92,484	
Instructional Staff Employee Benefits	183,135	
Purchased Professional and Technical Services	1,350,014	
Instructional Materials and Supplies	92,184	
Instructional Equipment	24,154	
Total Teacher and Student Interaction Activities		2,829,855

Other Instructional Activities 186,928

Pupil Support Activities	16,283	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		16,283

Instructional Staff Services	189,044	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		189,044

School Administration	377,396	
Less: Equipment for School Administration	-	
Net School Administration		377,396

Total General Fund Instructional Expenditures (Total of Column B) 3,599,506

Total General Fund Equipment Expenditures \$ 24,154

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes		
Renewable Ad Valorem Tax		
Debt Service Ad Valorem Tax		
Penalty and Interest on Ad Valorem Tax		
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		
Sales and Use Taxes		
Sales and Use Tax Penalty and Interest		
Total Local Taxation Revenue		-

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		-

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax		
Revenue Sharing - Other Taxes		
Revenue Sharing - Excess Portion		
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		-

Nonpublic Textbook Revenue		-
Nonpublic Transportation Revenue	\$	-

See Independent Accountants' Report

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board

SOUTH LOUISIANA CHARTER FOUNDATION
Baton Rouge, Louisiana
Class Size Characteristics
As of October 1, 2019

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	64.00%	32	36.00%	18	0.00%	-	0.00%	-
Elementary Activity Classes	69.77%	30	30.23%	13	0.00%	-	0.00%	-
Middle/Jr. High	45.00%	18	30.00%	6	25.00%	5	0.00%	-
Middle/Jr. High Activity Classes	72.00%	20	16.00%	4	12.00%	3	0.00%	-
High	0.00%	-	0.00%	-	0.00%	-	0.00%	-
High Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Combination	100.00%	13	0.00%	-	0.00%	-	0.00%	-
Combination Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-

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 for grades K-3 is 26 students and the maximum enrollment for grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See Independent Accountants' Report

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.



South Louisiana Charter FOUNDATION, INC.

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Responses to Differences Notated in BESE AUPs

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

Of the 10 classes selected for Iberville Charter Academy, we noted the following discrepancies in 6 classes between the roll book counts and the number reported in Schedule 2

Number of Students Reported	Roll Book Counts	Difference
26		2
23	20	3
11	13	(2)
15	14	1
13	14	(1)
35	34	1

Response: The foundation and management will discuss with the appropriate personnel at this school of the importance of the accuracy between the roll book count and the number of students reported to BESE. While this is an improvement from previous year, additional training and assistance will be provided to ensure that this issue will be corrected for future schedules.

Education Level of Public School Staff (NO SCHEDULE)

2. 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. We traced a sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the PEP data (or equivalent listing prepared by management).

For 1 out of the 25 individuals selected, the education level was not properly classified on the PEP data.

For 1 out of the 25 individuals selected, certification status was not properly classified on the PEP data.

Response: The foundation and management will discuss with the appropriate personnel at the school of the importance of the accuracy of the data that is submitted on the PEP report for both certification status and educational level. We will take the necessary steps to address these issues for future periods.



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Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management assistant principals by classification. We traced the same sample used in procedure 3 to the individual's personnel file and determined if the individual's experience was properly classified on the PEP data (or equivalent listing prepared by management).

For 4 out of the 25 individuals selected, the years of experience was not properly classified on the PEP data.

Response: Even with some improvement from previous year, the foundation and management will continue to discuss with the appropriate personnel at each school of the importance of the accuracy of the data that is submitted on the PEP report for years of experience. We will provide whatever training and assistance that may be needed to ensure that this issue is corrected for future periods.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and 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).

For 1 out of the 25 individuals selected, salary was not properly classified on the PEP data.

Response: The foundation and management will discuss with the appropriate personnel at each school of the importance of the accuracy of the classification of salary information on the PEP data. Compared to last years' results for this topic, the number of exceptions has reduced tremendously. However, We will continue to take the necessary steps to ensure that this issue is corrected for future periods.

Signature: Mark W. Boudle

Title: State Financial Director