

Lake Charles Charter Academy  
Foundation, Inc.

Combined Financial Statements  
For the Year Ended June 30, 2022



# Lake Charles Charter Academy Foundation, Inc.

## Table of Contents

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Independent Auditor's Report 1-3

### Financial Statements

Combined Statement of Financial Position 4

Combined Statement of Activities Without Donor Restrictions 5

Combined Statement of Functional Expenses 6

Combined Statement of Cash Flows 7

Notes to Combined Financial Statements 8-16

### Supplemental Information

Schedule of Expenditures of Federal Awards 17-18

Notes to Schedule of Expenditures of Federal Awards 19

Schedule of Board of Directors 20

Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer 21

### 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* 22-23

Independent Auditor's Report on Compliance for Each Major Program and  
on Internal Control over Compliance Required by the Uniform Guidance 24-26

Schedule of Findings and Questioned Costs 27-28

### Schedules Required By State Law (R.S. 24:514 - Performance and Statistical Data)

Independent Accountant's Report on Applying Agreed-Upon Procedures 29-31

Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data): 32

Schedule 1 - General Fund Instructional and  
Support Expenditures and Certain Local Revenues Sources 33-34

Schedule 2 - Class Size Characteristics 35

**Table of Contents**

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**Louisiana Legislative Auditor Statewide Agreed-Upon Procedures**

Independent Accountant’s Report On Applying Agreed-Upon Procedures	36-44
Response to Louisiana Legislative Auditor Statewide Agreed-Upon Procedures	45

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying combined financial statements of Lake Charles 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 opinion.

### 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.

### **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 Schedule of Board of Directors and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 20 and 21 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 29 through 45 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



**Lake Charles Charter Academy Foundation, Inc.**  
**Combined Statement of Financial Position**  
**June 30, 2022**

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**Current Assets:**

Cash and cash equivalents	\$ 1,464,600
Custodial funds - cash	43,546
Grants receivable	1,316,528
Due from related parties	53,602
Other receivables	129,990
Prepaid items	41,586
Investments	<u>2,313,335</u>
 Total current assets	 <u>5,363,187</u>

**Property and Equipment, Less Accumulated  
Depreciation of \$ 5,821,345**

15,661,805

**Other Assets:**

Restricted investments	1,390,455
Deposits	<u>33,624</u>
 Total other assets	 <u>1,424,079</u>

Total assets \$ 22,449,071

**Current Liabilities:**

Accounts payable and accrued expenses	\$ 657,084
Salaries and wages payable	595,790
Accrued interest payable	45,434
Due to management company	705,103
Custodial funds	43,546
Compensated absences	45,230
Current portion of bonds payable	<u>285,000</u>
 Total current liabilities	 <u>2,377,187</u>

**Noncurrent Liabilities:**

Compensated absences	15,076
Bonds payable, net of unamortized discount and bond issuance costs	<u>12,851,296</u>
 Total noncurrent liabilities	 <u>12,866,372</u>

Total liabilities 15,243,559

**Commitments (Note 12)**

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**Net Assets - Without Donor Restrictions**

7,205,512

Total liabilities and net assets \$ 22,449,071

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



**Lake Charles Charter Academy Foundation, Inc.**  
**Combined Statement of Activities Without Donor Restrictions**  
**For the Year Ended June 30, 2022**

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**Operating:**

Support and Revenues:

Support:

Contributions	\$ 21,574
Grants:	
Federal	2,906,384
State	425,867
Minimum Foundation Program	<u>10,705,695</u>

Total support	<u>14,059,520</u>
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Revenues:

Cafereria sales	329
Before and aftercare fees	50,187
Other revenue	<u>30,337</u>

Total revenues	<u>80,853</u>
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Total support and revenues	<u>14,140,373</u>
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Expenses:

Program services:

Regular education	5,969,381
Special education	4,984,099
Other education	159,441

Supporting services:

Management and general	<u>3,730,907</u>
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Total expenses	<u>14,843,828</u>
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Decrease in net assets without donor restrictions from operations	(703,455)
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**Non-operating:**

Net investment income	7,534
Insurance proceeds (Note 15)	<u>1,920,505</u>

Increase in net assets without donor restrictions from non-operating activities	<u>1,928,039</u>
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Change in net assets without donor restrictions	1,224,584
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<b>Net Assets Without Donor Restrictions, Beginning of Year</b>	<u>5,980,928</u>
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<b>Net Assets Without Donor Restrictions, End of Year</b>	<u><u>\$ 7,205,512</u></u>
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The accompanying notes to combined financial statements are an integral part of these statements.

**Lake Charles 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	\$ 2,706,387	\$ 2,407,354	\$ 47,163	\$ 149,643	\$ 5,310,547
Contracted and vendor services	553,364	605,466	-	1,366,756	2,525,586
Repairs and maintenance	665,755	474,549	-	49,569	1,189,873
Interest	-	-	-	1,139,396	1,139,396
Benefits	456,758	360,820	3,393	180,523	1,001,494
Depreciation and amortization	486,589	346,840	-	36,048	869,477
Supplies and materials	412,487	298,636	-	12,468	723,591
Professional services	-	-	-	639,585	639,585
Food service	269,133	191,838	108,885	-	569,856
Utilities	181,240	129,187	-	22,759	333,186
Rent	52,073	37,118	-	3,858	93,049
Technology	43,446	30,968	-	18,603	93,017
Professional development	52,499	37,421	-	1,990	91,910
Marketing and recruitment	670	477	-	83,428	84,575
Insurance	33,274	23,718	-	2,465	59,457
Travel	17,549	12,509	-	7,514	37,572
Office expense	18,841	13,430	-	4,713	36,984
School board fees	15,348	10,940	-	-	26,288
Other	-	-	-	11,589	11,589
Student services	3,968	2,828	-	-	6,796
Total expenses	\$ <u>5,969,381</u>	\$ <u>4,984,099</u>	\$ <u>159,441</u>	\$ <u>3,730,907</u>	\$ <u>14,843,828</u>

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

**Lake Charles Charter Academy Foundation, Inc.**  
**Combined Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

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<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 1,224,584
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for depreciation	869,477
Provision for amortization of bond issuance costs	19,160
Provision for amortization of bond discount	13,476
(Increase) decrease in:	
Grants receivable	(497,888)
Due from related party	(31,918)
Other receivables	(38,725)
Prepaid items	(26,687)
Deposits	(5,967)
Increase (decrease) in:	
Accounts payable and accrued expenses	303,461
Salaries and wages payable	(8,856)
Due to management company	451,141
Accrued interest payable	(815)
Custodial funds	31,671
Compensated absences	3,863
	<u>2,305,977</u>
Net cash provided by operating activities	<u>2,305,977</u>
<b>Cash Flows from Investing Activities:</b>	
Sales of investments	1,442,343
Purchases of investments	(1,582,093)
Payments for purchase of property and equipment	<u>(1,374,009)</u>
	<u>(1,513,759)</u>
Net cash used in investing activities	<u>(1,513,759)</u>
<b>Cash Flows from Financing Activities:</b>	
Payments on bonds payable	<u>(265,000)</u>
	<u>(265,000)</u>
Net cash used in financing activities	<u>(265,000)</u>
	527,218
Net increase in cash and cash equivalents	527,218
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>980,928</u>
<b>Cash and Cash Equivalents, End of Year</b>	\$ <u><u>1,508,146</u></u>
Cash and cash equivalents	\$ 1,464,600
Custodial funds - cash	<u>43,546</u>
Total cash and cash equivalents	\$ <u><u>1,508,146</u></u>

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

## Note 1 - Organization and Operations

**Organization:** Lake Charles Charter Academy Foundation, Inc. (the “Foundation”), a Louisiana not-for-profit corporation, was formed on April 5, 2011 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. Lake Charles Charter Academy (the “School”), a Department of the Foundation, was established as a charter school in May 2011 for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu.

**Nature of activities:** Lake Charles Charter Academy Foundation, Inc. was granted a charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) in 2011 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 mission of the School is to provide students with the necessary tools and skills needed to develop superior levels of achievement. The School strives for academic, social and physical excellence by providing a quality and challenging curriculum. The School promotes positive moral and social values, fosters an atmosphere of self-discipline in a safe learning environment, and maximizes individual productivity to meet the needs of a changing global society. The School’s students will be able to maximize their potential for successfully actualizing their goals with confidence and intrinsic motivation, thereby enabling each student to become a lifelong learner and strong functional contributor to their local community as well as their global community.

## Note 2 - Summary of Significant Accounting Policies

**Basis of combination:** The accompanying combined financial statements include the accounts of the Foundation and the School. 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 10) and other activities as follows:

Series 2011 Debt Service Reserve Fund	\$ <u>1,390,455</u>
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**Promises to give:** The Entity 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 Entity had no unconditional or conditional promises to give as of June 30, 2022.

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

**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.

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:

Buildings	45 years
Furniture, fixtures and equipment	5 years
Computer equipment and software	3 years
Building improvements	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 School'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 Organization 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 \$ 19,160 for the year ended June 30, 2022.

**Revenue and revenue recognition:** The Entity 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.

A portion of the Entity'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.

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

The School, as a Type 2 charter school, received Minimum Foundation Program funding from BESE in an amount for pupils based on estimated daily attendance at the School. 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.

**Functional allocation of expenses:** The costs of providing the programs and activities of the Foundation have been summarized on a functional basis in the accompanying statement of functional expenses. The statement of functional expenses present 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 issued.

## Note 3 - Custodial Funds - Cash

As a service to the various school club and parent organizations, the School permits these organizations to deposit their own funds in a separate School checking account. Since these funds do not belong to the School, they are also recorded as a liability in the statement of net position.

## Note 4 - Restricted Investments

Previously, the Foundation borrowed funds for construction of facilities for the School (Note 10). The restricted investments of the School are governed by the Bond Indenture and are held by the Trustee. At June 30, 2022, the School has \$ 1,390,455 invested in a money market fund that is stated at amortized cost which approximates fair value.

## Note 5 - Investments

The Foundation has a non-negotiable certificate of deposit for \$ 1,610,614 which earns interest at 0.25% and matures on April 8, 2023. The School also has \$ 702,721 invested in a money market fund that is stated at amortized cost which approximates fair value.

**Note 6 - 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	\$ 1,464,600
Grants and other receivables	<u>1,500,120</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>2,964,720</u></u>

**Note 7 - 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	\$ 317,068
Title II	19,579
Title III	6,956
Title IV	19,957
Title V	20,470
IDEA	93,322
ESSER I	85,014
ESSER II	269,535
ESSER III	216,383
Comprehensive Literacy State Development Corp Endeavor Agreement	44,568
National School Lunch Program	125,000
Real-time Early Access to Literacy	<u>67,084</u>
	\$ <u><u>1,316,528</u></u>

**Note 8 - Due From Related Party**

The Foundation and Southwest Louisiana Charter Academy Foundation, Inc. ("SLCAF") are related, as they share common board membership. As of June 30, 2022, the financial statements include an amount due from SLCAF in the amount of \$ 53,602.



### Note 9 - Property and Equipment

Property and equipment balances and activity for the year ended June 30, 2022, are as follows:

Land	\$ 1,254,128
Building	15,447,237
Computer equipment and software	2,674,212
Furniture, fixtures and equipment	1,229,732
Building improvements	877,841
	<u>21,483,150</u>
Less: accumulated depreciation	<u>(5,821,345)</u>
Property and equipment, net	<u>\$ 15,661,805</u>

Depreciation expense for the year ended June 30, 2022 totaled \$ 869,477.

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 BESE.

### Note 10 - Bonds Payable

#### a. Summary of Bonds Payable

Bonds payable at June 30, 2022 is comprised of the following:

\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A; due in semi-annual installments beginning June 2016 through December 2041; interest payable semiannually at rates that range from 7.75% to 8.00%.	\$ 13,770,000
Less unamortized bond discount	(261,651)
Less unamortized bond issuance costs	<u>(372,053)</u>
	<u>\$ 13,136,296</u>

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

	Balance at July 1, 2021	Additions	Deletions	Amortization	Balance at June 30, 2022	Due Within One Year
Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A	\$ 14,035,000	\$ -	\$ 265,000	\$ -	\$ 13,770,000	\$ 285,000
Discount on Series 2011 Bond	(275,127)	-	-	13,476	(261,651)	-
Bond issuance costs	(391,213)	-	-	19,160	<u>(372,053)</u>	-
	<u>\$ 13,368,660</u>	<u>\$ -</u>	<u>\$ 265,000</u>	<u>\$ 32,636</u>	<u>\$ 13,136,296</u>	<u>\$ 285,000</u>

**Note 10 - Bonds Payable (continued)**

b. Summary of Significant Bond Terms

**\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bond, Series 2011A** - Series 2011A tax-exempt bond is for the purpose of (i) financing the acquisition, construction and equipping of certain charter school facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2011A bond. The bond is payable in semi-annual principal installments beginning June 2016 through December 2041. Interest ranging from 7.75% to 8.00% is payable semiannually on the fifteenth day of June and December.

The bond is 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 bond is not subject to a premium at optional redemption after December 15, 2021.

The annual debt service requirement for the Series 2011A Educational Facilities Revenue Bonds not including unamortized discount and bond issuance costs consists of:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 285,000	\$ 1,086,650	\$ 1,371,650
2024	305,000	1,064,175	1,369,175
2025	335,000	1,039,956	1,374,956
2026	355,000	1,013,606	1,368,606
2027	385,000	985,513	1,370,513
2028-2032	2,430,000	4,420,131	6,850,131
2033-2037	3,595,000	3,269,400	6,864,400
2038-2042	6,080,000	1,487,800	7,567,800
	<u>\$ 13,770,000</u>	<u>\$ 14,367,231</u>	<u>\$ 28,137,231</u>

The trust indenture requires reserve funds equal to \$ 1,389,963 for the Series 2011A 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:

<u>Covenant</u>	<u>Requirement</u>	<u>Calculated</u>
Long-term debt service coverage ratio	At least 1.25	* 2.35

\* 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 Organization 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 11 - Income Taxes**

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

**Note 12 - Commitments**

**Management agreements:** The School has a formal agreement with Charter Schools USA at Lake Charles, LLC (“CSUSA”) to manage, staff, and operate the School. The cost reimbursements and management fees (the “fee”) range from \$ 1,547,732 for 2023 to \$ 1,741,986 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. Total cost reimbursements and management fees amounted to \$ 1,681,716 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 Directors.

The School had an amount due to CSUSA for \$ 705,103 at June 30, 2022. This amount is shown on the basic financial statements as an amount due to management company.

**Post-retirement benefits:** The School does not provide post-retirement benefits to retired employees.

**Note 13 - Employee Benefit Plan**

During the year ended June 30, 2022, the School 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 the School’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 School contributions and earnings on School 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, the School had forfeitures of \$ 5,589. For the year ended June 30, 2022, the School contributed a matching amount of \$ 16,022.

**Note 14 - Functional Expenses**

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

**Note 15 - Insurance Proceeds**

Lake Charles Charter Academy was hit by Category 4 Hurricane Laura on August 26 and 27, 2020, causing significant damage to the School. Additionally, Hurricane Delta (Category 2) made landfall in the evening of October 9, 2020 causing additional damage. The School filed claims to its insurance carrier after compiling all hurricane damage information and documentation. The School received \$ 1,920,505 in insurance proceeds.

**Note 16 - Supplemental Cash Flow Information**

Supplemental Disclosure of Cash Flow information:

Cash received during the year for - Interest income	\$	10,807
Cash paid during the year for - Interest expense	\$	1,107,575

**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.

# SUPPLEMENTAL INFORMATION



**Lake Charles Charter Academy Foundation, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>Federal Agency Name:</b>				
U.S. Department of Agriculture -				
Passed through the Louisiana Department of				
Agriculture -				
National School Lunch Program	10.555	-	\$ 533,238	\$ -
National School Breakfast Program	10.553	-	<u>130,975</u>	<u>-</u>
Total U.S. Department of Agriculture and Total Child Nutritional Cluster			<u>664,213</u>	<u>-</u>
U.S. Department of Education -				
Passed through the Louisiana Department				
of Education -				
Title I Grants to Local Educational Agencies	84.010	-	469,741	-
Redesign Planning Grant 1003a	84.010	-	<u>63,888</u>	<u>-</u>
Total 84.010			<u>533,629</u>	
Supporting Effective Instruction State Grant	84.367	-	39,055	-
Special Education - Grants to States	84.027	-	257,558	-
English Language Acquisition State Grants	84.365	-	11,734	-
Rural Education Achievement Program	84.358B	-	20,470	-
Student Support and Academic Enrichment	84.424	-	40,806	
Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act	84.425D	-	423,933	-
	84.425U	-	<u>671,049</u>	<u>-</u>
Total 84.425			<u>1,094,982</u>	
Total U.S. Department of Education			<u>1,998,234</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

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

<u>Federal Grantor/Pass-Through Grantor/ Program Title</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>243,937</u>	<u>-</u>
Total Federal Emergency Management Agency			<u>243,937</u>	<u>-</u>
Total expenditures of Federal Awards			\$ <u><u>2,906,384</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.



**Lake Charles Charter Academy Foundation, Inc.**  
**Schedule of Board of Directors**  
**June 30, 2022**

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<b><u>Board Members</u></b>	<b><u>Compensation</u></b>
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

**Lake Charles 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**

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

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

**Note:** Agency Head is a voluntary member who receives no compensation for his services to the Lake Charles 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  
Lake Charles 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 financial statements of Lake Charles Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, 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 January 30, 2023.

### 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

## **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 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  
Lake Charles Charter Academy Foundation, Inc.  
Lake Charles, Louisiana

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

**Opinion on Each Major Federal Program**

We have audited Lake Charles 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.

Lake Charles Charter Academy Foundation, Inc.

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



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

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**Financial Statements**

Type of auditor's report issued:

*Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

**Federal Awards**

Internal control over major federal program:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   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        X   no

Identification of major federal program:

CFDA No.

Federal Program

84.425    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?

  X   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  
Lake Charles 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 Lake Charles 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 Lake Charles Charter Academy Foundation, Inc. is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

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

No exceptions noted.

Class Size Characteristics (Schedule 2)

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

No exceptions noted.

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

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

No exceptions noted.

Public School Staff Data: Average Salaries (No Schedule)

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

No exceptions noted.

We were engaged by the Lake Charles 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 Lake Charles 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.

Lake Charles 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 Lake Charles 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*

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.

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

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**Schedule 1**

**General Fund Instructional  
 and Equipment Expenditures:**

General Fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 3,553,667
Other instructional staff activities	345,713
Instructional staff employee benefits	659,941
Purchased professional and technical services	429,129
Instructional materials and supplies	711,885
Instructional equipment	<u>375,007</u>

Total teacher and student interaction activities \$ 6,075,342

Other instructional activities 903,496

Pupil support activities 361,631

Less: equipment for pupil support activities -

Net pupil support activities 361,631

Instructional staff services -

Less: equipment for instructional staff services -

Net instructional staff services -

School administration 647,741

Less: equipment for school administration -

Net school administration 647,741

Total General Fund instructional expenditures \$ 7,988,210

Total General Fund equipment expenditures \$ 375,007

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



**Lake Charles Charter Academy Foundation, Inc.  
 General Fund Instructional and Support Expenditures  
 And Certain Local Sources  
 (continued)  
 For the Year Ended June 30, 2022**

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**Schedule 1 (continued)**

**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 independent accountant's report on applying agreed-upon procedures.

Lake Charles Charter Academy Foundation, Inc.  
 Class Size Characteristics  
 As of October 1, 2021

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Schedule 2

	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
<b>School Type:</b>								
Elementary	4%	15	12%	48	6%	24	3%	12
Elementary/activity classes	3%	12	12%	47	6%	24	3%	11
Middle/Junior High	13%	52	1%	3	11%	46	1%	2
Middle/Junior High activity classes	15%	60	5%	23	4%	14	1%	2
High	-	-	-	-	-	-	-	-
High activity classes	-	-	-	-	-	-	-	-
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.

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

LOUISIANA LEGISLATIVE AUDITOR  
STATEWIDE AGREED-UPON PROCEDURES



INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees of Lake Charles 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 twenty-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](http://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.

Lake Charles 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



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. Lake Charles 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