Luther Speight & Company, LLC
Certified Public Accountants and Consultants

LIVING SCHOOL, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board Chairperson of
Living School, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of Living School, Inc. (a nonprofit organization), which comprise the statement of financial position in liquidation as of June 30, 2024, and the related statement of activities in liquidation for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets in liquidation of the School as of June 30, 2024, and the changes in its net assets in liquidation for the year then ended in accordance with accounting principles generally accepted in the United States of America applied on the basis of accounting described in the following paragraph.

Basis of Accounting
As described in Note 1, the School's policy is to prepare its financial statements on the liquidation basis of accounting. Our opinion is not modified with respect to that matter.

Emphasis-of-matter Regarding Going Concern
The accompanying financial statements have been prepared assuming that the School will not continue as a going concern as of June 30, 2024. As discussed in Note 12 to the financial statements, the School has terminated operations and concluded liquidation of its assets. Our opinion is not modified with respect to that matter.

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 *Government 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 Financial Statements section of our report. We are required to be independent of the Living School, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and 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 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 aggregate, they would influence the judgment made by a reasonable user based on the 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 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 Organization'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Living School, Inc.'s ability to continue as a going concern for a reasonable period.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2025, on our consideration of Living School, Inc.'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 solely 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 the effectiveness of Living School, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Living School, Inc.'s internal control over financial reporting and compliance.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
May 15, 2025

LIVING SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION IN LIQUIDATION
AS OF JUNE 30, 2024

ASSETS		
Cash and Cash Equivalents	$	123,252
Grants Receivable		59,438
Deposits		14,167
TOTAL ASSETS		196,857
LIABILITIES		
Accounts Payable		34,304
Payroll Liabilities		40,723
TOTAL LIABILITIES		75,027
NET ASSETS		
Without Donor Restrictions		121,830
TOTAL NET ASSETS		121,830
TOTAL LIABILITIES AND NET ASSETS	$	196,857

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

LIVING SCHOOL, INC.
STATEMENT OF ACTIVITIES IN LIQUIDATION
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
State and Local Minimum Foundation Program	$ 3,008,238	-	$ 3,008,238
Grant Revenue	628,422	-	628,422
Contributions and Donations	180,475	-	180,475
Miscellaneous Revenue	31,136	-	31,136
TOTAL SUPPORT AND REVENUE	3,848,271	-	3,848,271
EXPENSES			
Program Services	3,585,132	-	3,585,132
Management and General	747,250	-	747,250
TOTAL EXPENSES	4,332,382	-	4,332,382
Change in Net Assets	(484,111)	-	(484,111)
NET ASSETS, BEGINNING OF YEAR	605,941	-	605,941
NET ASSETS, END OF YEAR	$ 121,830	$ -	$ 121,830

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Living School, Inc. (the School) is a public high school in New Orleans East. The School entered into a Charter School Operating agreement with the Orleans Parish School Board (OPSB) beginning July 1, 2019, whereby the School would operate as a Type 1 charter school as defined in Louisiana Revised Statute 17:3971. The Charter Agreement had a term of five years, expiring on June 30, 2024. During the year ended June 30, 2024, the School served grades 9 through 11. The School's goal was to add one grade each year until they are a fully built-out high school with no more than 80 students per grade. The School's mission is to cultivate equity by nurturing students to do work that improves their lives, communities, and environment through holistic health, citizenship, and entrepreneurship. The School is designed to help every student graduate with both a college-ready diploma, a trade certification, a living-wage job offer, and the habits of a healthy life.

Basis of Accounting

Effective June 30, 2024, the Board decided to liquidate the School and, accordingly, revalued its assets and liabilities to the amounts that are expected to be received and paid in settlements during the liquidation of the School. The effect of the revaluation is included in the statement of activities in liquidation as management and general expenses. It is not presently determinable whether the amounts realizable from the disposition of the remaining assets or the amounts that creditors will agree to accept in settlement of the obligations due them will differ materially from the amounts shown in the accompanying financial statements. Differences between the revalued amounts and actual cash transactions will be recognized in the year they can be estimated

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-210, *Not-For-Profit Entities*. Under ASC 958-210, the School may report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Below is a description of the two classes of net assets:

- Net Assets Without Donor Restrictions – Net assets without donor restrictions include funds that are not subject to donor-imposed restrictions. As of June 30, 2024, all of the School's net assets were in this category.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Net Assets With Donor Restrictions – Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. 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. As of June 30, 2024, the School had no net assets with donor restrictions.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For the purposes of the statement of cash flows, the School considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Grants Receivable
The grants receivable is stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

Property and Equipment
Expenditures for the acquisition of furniture and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. The School's threshold for capitalization is $5,000. Management will review every purchase over this amount to determine if it is worthy of capitalization. Depreciation is computed using the straight-line method for financial reporting purposes over the following estimated useful lives:

Furniture	5 – 7 years
Equipment	3 – 5 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation. The School's Forms 990, *Return of Organization Exempt from Income Tax*, for the year ending June 30, 2024 is subject to examination by the IRS, generally for three years after they were filed.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Leases

The School determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the School establishes a right-of-use (ROU) asset and a lease liability. Operating leases, if any, are included in Operating Lease ROU Asset and Operating Lease Liability on the accompanying balance sheet. Finance leases, if any, are included in property and equipment and Finance Lease Liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the School is reasonably certain to exercise as well as any period that the School has control over the asset before the stated initial term of the agreement. If the School determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts.

The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The School uses the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date. The School does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

Recent Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. At transition on July 1, 2023, the lease had a remaining lease term of 12 months or less and in addition, the School's lease was deemed not applicable as a result of the wind down of activities. In accordance with the School's policy on leases, the agreement was classified as a short-term lease.

NOTE 2 – GRANTS RECEIVABLE

Grants receivables are deemed to be fully collectible by management and were comprised of outstanding balances from the State of Louisiana and Louisiana Department of Education totaling $59,438. An allowance for doubtful accounts was not deemed necessary by management.

NOTE 3 – MINIMUM FOUNDATION PROGRAM

The Minimum Foundation Program (MFP) is a formula established to determine the cost of a minimum program of education in all public elementary and secondary schools - essentially, what it costs to provide each Louisiana student with the minimum educational foundation necessary for future success. The resulting calculation is then used to help distribute funds among parish, city, and other local school systems. The School received $3,008,238 in funding through the Minimum Foundation program during the year ended June 30, 2024. There were no outstanding receivable from this program at June 30, 2024. Accordingly, an allowance for doubtful accounts was not deemed necessary.

NOTE 4 – COMPENSATED ABSENCES

Per School policy, vacation and sick time does not roll over from year to year. Therefore, management has determined that an accrual for compensated absences is not necessary at June 30, 2024.

NOTE 5 – RETIREMENT PLAN

The School sponsors a 403(b) plan for all eligible employees. Eligible employees are vested upon completing one (1) month of service with the School. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service (IRS). The School makes an unconditional 3% contribution of the eligible employee's compensation. The School's retirement contributions for the year ended June 30, 2024 totaled $57,341.

NOTE 6 – GRANT REVENUES

The School is the recipient of several federal awards that are passed through state agencies. Included in grant revenues are funds disbursed from several funding sources to provide funds for the implementation of various programs within the School. In addition, the School is the recipient of grant awards from local organizations to assist with the start-up and operations of the School. Grant revenues for the year ended June 30, 2024 are as follows:

Grantor:	Amount
Cox Business	$ 20,719
Louisiana Department of Education	322,130
Federal Educational Funding	285,573
Total Grant Revenue	$ 628,422

LIVING SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – LEASE COMMITMENTS

The School leases the building in which the school operates. The lease term began on July 1, 2023 and ended on June 30, 2024. In accordance with the School's policy on leases, the agreement was classified as a short-term lease. Lease expense for the year ended June 30, 2024 was $138,000.

NOTE 8 – CONCENTRATIONS

For the year ended June 30, 2024, the School received approximately 16% of its total revenue from federal and local grants and 78% of its total revenue from the State and Local Minimum Foundation Program.

NOTE 9 – EQUIPMENT

During the year ended June 30, 2024, the School fully liquidated its equipment related to the closing of the School. This resulted to a $9,815 loss in disposal of fixed assets. Depreciation expense for the year ended June 30, 2024 was $10,397.

NOTE 10 – 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 balance sheet date, comprise the following:

Cash and Cash Equivalents	$	123,252
Grants Receivable		59,438
Total		182,690
Net Assets with Donor Restrictions		-
Financial Assets Available to Meet Liquidation Obligations	$	182,690

NOTE 11 – CONCENTRATIONS OF CREDIT RISK

The School maintains cash accounts with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) at up to $250,000 per financial institution. As of June 30, 2024 the School's deposits were comprised of $296,920 in cash, leaving an uninsured cash balance of $46,920. It is management's view that the uninsured cash balance is not currently exposed to any liquidity risks.

NOTE 12 – TERMINATION OF OPERATIONS DUE TO ACADEMIC PERFORMANCE AND CHARTER RENEWAL

The School entered into a Charter School Operating agreement with the Orleans Parish School Board (OPSB) beginning July 1, 2019, whereby the School would operate as a Type 1 charter school as defined in Louisiana Revised Statute 17:3971. The Charter Agreement had a term of five years, expiring on June 30, 2024.

The charter can be revoked at any time by a majority vote of the Board of Elementary & Secondary Education (BESE) if they find that the School has violated the contract, fiscal standards, or the law. The schools Type I charter was initially granted on July 1, 2019 for a 5-year term and the year ended June 30, 2024 was the School's fifth year in its charter contract. Towards the end of this charter, more specifically, on December 4, 2023, the Orleans Parish School Board (OPSB) voted to decline renewing the charter of the School based on substandard academic performance. The School ceased to exist after the year ended June 30, 2024.

Accordingly, the School's management commenced the process of winding down its operations during the year ended June 30, 2024, which served as the substantive final audit year for the school. Previously enrolled students were assisted with transitioning to other schools in the School's final academic year. The Board appointed an administrator on June 10, 2024 to serve as a coordinator for the close-out plan and has complied with the provisions of those plans which included supporting students with transitioning, liquidating the school's remaining resources to settle outstanding obligations and submitting a final report to the relevant authorities. Management has concluded that the combination of these factors casts substantial doubt upon the School's ability to continue as a going concern within one year from issuance of these financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of May 15, 2025, which is the date these financial statements were available to be issued. Management noted that there are no additional disclosures or adjustments required to these financial statements.

Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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 Chairperson of
Living School, Inc.
New Orleans, 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 Living School, Inc. (a nonprofit organization), which comprise the statement of financial position in Liquidation as of June 30, 2024, and the related statements of activities in Liquidation, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2025.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Living School, Inc'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 Living School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Living School, Inc.'s internal control.

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

Our consideration of 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 were not identified.

New Orleans Office: 1100 Poydras Street, Suite 1225 / New Orleans, LA 70163 / (504)561-8600
Memphis Office: 1661 International Drive, Suite 441 / Memphis, TN 38120 / (901)202-4688
Atlanta Office: 1201 Peachtree St. NE, Suite 200 / Atlanta, GA 30328 / (678)971-3700

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Living School, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and management responses as Finding #2024-001.

Living School, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Living School, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Living School, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
May 15, 2025

LIVING SCHOOL, INC.
SUMMARY OF AUDITOR'S RESULTS
JUNE 30, 2024

PART I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:		
Material weaknesses identified?	______ yes	X no
Significant deficiencies identified not considered to be material weaknesses?	______ yes	X no
Noncompliance material to financial statements noted?	X yes	______ no

Federal Awards

Living School, Inc. did not expend federal awards in excess of $750,000 during the year ended June 30, 2024, and, therefore, is exempt from the audit requirements under the Uniform Guidance.

No Separate Management Letter Issued

LIVING SCHOOL, INC.
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
JUNE 30, 2024

PART II – FINACIAL STATEMENT FINDINGS

FINDING# 2024-001 – Timely Submission of Annual Audit Report (Non-Compliance)

CRITERIA: Louisiana Revised Statute 24:513 requires that Agencies receiving federal, state, or local government funding from the State of Louisiana submit an independent financial statement engagement to the Louisiana Legislative Auditor's office within six months from their fiscal year end.

CONDITION: The School did not complete and submit its independent audit report within the required deadline.

CAUSE: The School engaged the auditor on a timely basis. However, the auditors did not receive some of the key records on a timely basis in order to complete the audit before the deadline.

EFFECT: The School is not in compliance with the applicable Louisiana Revised Statutes related to independent audit submissions.

RECOMMENDATION: No recommendation is needed due to the School's closing as of June 30, 2024.

MANAGEMENT'S RESPONSE: No management response received.

LIVING SCHOOL, INC.
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2024

There were no findings noted during the year ended June 30, 2023.