

EISNERAMPER

**DISCOVERY HEALTH SCIENCES
FOUNDATION, INC.**

**CONSOLIDATED FINANCIAL
STATEMENTS**

JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
Discovery Health Sciences Foundation, Inc.
Kenner, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Discovery Health Sciences Foundation, Inc. (a nonprofit organization) (the Organization) which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Discovery Health Sciences Foundation, Inc. as of June 30, 2023, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, on our consideration of the Organization'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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
November 6, 2023



DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

A S S E T S

CURRENT ASSETS

Cash and cash equivalents	\$ 11,630,099
Restricted cash and cash equivalents	4,314,846
Grants and contributions receivable	4,658,467
Other receivable	4,935,000
Prepaid expenses	432,902
	25,971,314
Total current assets	25,971,314

NONCURRENT ASSETS

Property and equipment, net	44,039,003
Deposits	119,119
Deferred compensation investments	287,295
	44,445,417
Total noncurrent assets	44,445,417
Total assets	\$ 70,416,731

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 1,398,281
Accrued salaries and benefits	1,556,418
Obligations under finance leases - current portion	244,475
Note payable - current portion	108,333
Bonds payable, net - current portion	820,000
Student activity liability	97,057
	4,224,564
Total current liabilities	4,224,564

NONCURRENT LIABILITIES

Obligations under finance leases - noncurrent portion	63,336
Note payable - noncurrent portion	4,800,000
Bonds payable, net - noncurrent portion	40,710,026
Deferred compensation liability	287,295
	45,860,657
Total noncurrent liabilities	45,860,657
Total liabilities	50,085,221

NET ASSETS

Without donor restrictions	19,854,136
With donor restrictions	477,374
	20,331,510
Total net assets	20,331,510
Total liabilities and net assets	\$ 70,416,731

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

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Per pupil support (Minimum Foundation Program)	\$ 35,396,938	\$ -	\$ 35,396,938
Federal grants	6,333,832	-	6,333,832
State grants	221,526	-	221,526
Tuition	269,395	-	269,395
Fundraising revenue	183,170	-	183,170
Contributions and donations	962,245	89,084	1,051,329
Student activities and fees	1,179,902	-	1,179,902
Employee retention tax credit	3,971,160	-	3,971,160
Interest income	200,363	-	200,363
Miscellaneous revenue	1,025	-	1,025
Net assets released from restrictions	88,031	(88,031)	-
	<u>48,807,587</u>	<u>1,053</u>	<u>48,808,640</u>
Expenses:			
Program services	21,595,285	-	21,595,285
Total program services	<u>21,595,285</u>	<u>-</u>	<u>21,595,285</u>
Support services:			
Management and general	18,520,164	-	18,520,164
Fundraising	2,165,408	-	2,165,408
Total support services	<u>20,685,572</u>	<u>-</u>	<u>20,685,572</u>
	<u>42,280,857</u>	<u>-</u>	<u>42,280,857</u>
Total expenses	<u>42,280,857</u>	<u>-</u>	<u>42,280,857</u>
Change in net assets	6,526,730	1,053	6,527,783
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>13,327,406</u>	<u>476,321</u>	<u>13,803,727</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 19,854,136</u>	<u>\$ 477,374</u>	<u>\$ 20,331,510</u>

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

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program	Support		Total
		Management & General	Fundraising	
Advertising and recruiting	\$ -	\$ 129,802	\$ -	\$ 129,802
Athletics	101,012	-	-	101,012
Audit and accounting services	-	72,613	-	72,613
Benefits	3,248,454	1,046,597	228,595	4,523,646
Cleaning services	-	966,894	-	966,894
Communications	-	36,472	78,998	115,470
Debt service	23,173	184,314	253	207,740
Depreciation	2,119,869	-	-	2,119,869
Dues and fees	5,939	15,042	-	20,981
Food service management	-	929,069	-	929,069
Insurance	-	809,828	-	809,828
Interest	-	2,530,853	-	2,530,853
Legal services	-	238,332	-	238,332
Materials and supplies	763,919	390,875	416,275	1,571,069
Minimum Foundation Program fees	-	198,627	-	198,627
Miscellaneous	103,027	969,513	-	1,072,540
Other professional services	-	3,000	-	3,000
Purchased professionals and technical services	40,922	780,580	256,172	1,077,674
Purchased technical services	-	29,657	-	29,657
Rentals	69,183	1,113,260	-	1,182,443
Repairs and maintenance services	-	291,460	-	291,460
Salaries and benefits	13,980,771	5,144,124	1,096,274	20,221,169
Technology	319,507	4,133	87,016	410,656
Textbooks	792,672	-	-	792,672
Transportation	-	1,934,115	-	1,934,115
Travel	26,837	129,585	1,825	158,247
Utilities	-	571,419	-	571,419
Total expenses	\$ 21,595,285	\$ 18,520,164	\$ 2,165,408	\$ 42,280,857

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

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	6,527,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense		2,119,869
Amortization expense		58,062
Changes in operating assets and liabilities		
Grants and contributions receivable		(250,155)
Prepaid expenses		(115,020)
Deposits		18
Accounts payable and accrued expenses		491,881
Accrued salaries and benefits		128,401
Deferred revenue		(65,287)
Student activity liability		(313)
Net cash provided by operating activities		8,895,239

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment		(5,172,261)
Net cash used in investing activities		(5,172,261)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on note payable		(26,667)
Payments on bonds payable		(780,000)
Payment of finance lease obligation		(230,880)
Net cash used in financing activities		(1,037,547)

Net increase in cash and cash equivalents		2,685,431
Cash and cash equivalents, beginning of year		13,259,514
Cash and cash equivalents, end of year	\$	15,944,945

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION:

Cash and cash equivalents, unrestricted	\$	11,630,099
Cash and cash equivalents, restricted		4,314,846
Total cash and cash equivalents	\$	15,944,945

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Noncash financing activity - issuance of note payable	\$	4,935,000
Cash paid during the year for interest	\$	2,530,853

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

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Discovery Health Sciences Foundation, Inc. (Discovery), a nonprofit corporation organized on a non-stock basis, was incorporated in September 2011 for the purpose of operating charter schools located in Jefferson Parish, Louisiana which provide student instruction and activities. Discovery was created to provide a rigorous learning environment where students achieve academically, develop intellectual curiosity, and practice environmental responsibility while exploring health and science topics and careers. Discovery began operations in August 2013. Discovery's charter schools, excluding Baton Rouge Ochsner Discovery, are a component unit of the Jefferson Parish Public School System (JPPSS).

In June 2012, the JPPSS authorized Discovery to operate a Type 1 charter school, Kenner Discovery Health Sciences Academy (KDHSA). The initial five-year charter expired June 2018. In December 2017, the JPPSS renewed the charter for an additional ten years, expiring June 2028.

In March 2019, the JPPSS authorized Discovery to operate a second charter school, Dr. John Ochsner Discovery Health Sciences Academy (DJOD), effective July 1, 2020. During August 2019, Discovery's Board approved a memorandum of understanding to operate the charter school in partnership with Ochsner Health System.

In May 2023, Discovery entered into a Type 2 Charter School Operating Agreement with Ochsner Clinic Foundation to operate a charter school, Baton Rouge Ochsner Discovery (BROD), effective July 1, 2023. The initial term is for five years, expiring June 30, 2028.

Friends of Discovery Health Sciences Foundation, Inc. (Friends), a nonprofit corporation organized on a non-stock basis, was incorporated in February 2017 as a supporting organization for the benefit of Discovery.

Within Discovery, Discovery Hub operates as the central back-office support organization for the schools.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Discovery, BROD, and Friends (collectively, the Organization). Discovery has controlling financial interest through direct ownership of a majority voting interest in BROD and Friends and has an economic interest in both.

The accompanying consolidating statements of financial position and activities present DJOD and Discovery Hub. Management considers DJOD and Discovery Hub as distinct reporting units; however, they are not separate legal entities.

All significant intercompany accounts and transactions have been eliminated.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation of Net Assets

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Basis of Accounting and Presentation of Net Assets (continued)

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with original maturities of three months or less, which are neither held for or restricted by donors for long term purposes, to be cash equivalents.

Restricted cash and cash equivalents consists of amounts held for debt services for the Series 2018 bonds.

Grants and Contributions Receivable

Receivables, consisting of grants and contributions, are stated at the amount management expects to collect from outstanding balances. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collection. Receivables are written off when deemed uncollectable. As of June 30, 2023, the Organization did not deem any receivables to be uncollectable, therefore, no allowance was recorded.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the consolidated financial statements.

Property and Equipment

Property and equipment is capitalized at cost and updated for additions and retirements during the year. Donated property and equipment are recorded at fair market value as of the date received. The Organization capitalizes property and equipment with values over \$5,000 per item. Land and construction-in-progress are not considered depreciable assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Machinery and equipment – 3-5 years

Building – 30 years

Leasehold improvements – 5-7 years

Software – the life span of the license or 3 years, whichever is shorter

Portable facilities (classrooms) – the lease term or 7 years, whichever is shorter

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

Revenue and Revenue Recognition

The Organization's primary source of funding is through the State Public School Fund. The Organization receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year.

Revenues from federal and state grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The Organization recognized as revenue all funds related to these grants during the year ended June 30, 2023.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

The Organization recognizes non-federal and state grants and contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met.

Revenue from other sources, including student activities and fees, tuition, and income from meals are recorded and recognized as revenue in the period in which the Organization provides the service at the amount that reflects the consideration to which the Organization expects to be entitled for providing the services or goods.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the school year, which is simultaneous with the fiscal year. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to student activities and fees and tuition. The Organization measures the performance obligations throughout the school year. Revenue for performance obligations satisfied at a point in time, which include mainly income from meals and are generally immaterial, are recognized when goods and services are provided. The Organization determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

Contributed Services

The value of contributed services is recorded at fair value, as revenues and support and expenses in the period received, provided there is an objective basis for measurement of the value of such services and they are significant, require specialized skills and form an integral part of the Organization's efforts. The Organization did not recognize donated services during the year ended June 30, 2023.

In addition, the Organization receives services donated by parents and community members in carrying out the Organization's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under U.S. GAAP.

Income Taxes

Discovery and Friends are not-for-profit corporations organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code), and qualify as organizations that are not private foundations as defined in Section 509(a) of the Code.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocated to various programs and functions, if an expenditure benefits more than one program or function. The expenses that are allocated are allocated among the programs and supporting services benefitted, using appropriate methodologies such as time and effort.

Compensated Absences

Employees of the Organization receive between ten and twelve days of paid time off (PTO) (a combination of vacation time, sick time, and holiday time) according to their classification. Unused PTO balances, up to ten days, are carried over into the following year with a maximum of twenty-two days carried at any one time per employee.

Student Activity Liability

Student activity liability represents deposits made for various student activity programs. The Organization considers all student activity funds and unexpended income from these funds to be funds held in custody.

Deferred Compensation Investments

A deferred compensation investment account is sponsored by the Organization in order to maintain a 457(b) Deferred Compensation Plan for its Chief Executive Officer. The Organization contributes the maximum allowed to the plan, as required by the Chief Executive Officer's contract.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Liquidity and Availability

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the financial resources the Organization has available. In addition, the Organization operates with a budget to monitor sources and uses of funds throughout the year.

The following presents the Organization's financial assets available to meet general expenditures, that is without donor or other restrictions limiting their use, within one year at June 30, 2023:

Financial assets at year end:	
Cash and cash equivalents	\$ 11,630,099
Restricted cash and cash equivalents	4,314,846
Grants and contributions receivable	4,658,467
Other receivable	4,935,000
Deposits	119,119
Deferred compensation investments	<u>287,295</u>
Total financial assets	25,944,826
Less amounts not available to be used within one year for general expenditures:	
Restricted cash	4,314,846
Other receivable	4,935,000
Deposits	119,119
Deferred compensation investments	<u>287,295</u>
Financial assets available for general expenditures within one year	<u>\$ 16,288,566</u>

3. Property and Equipment

Property and equipment consist of the following as of June 30, 2023:

Building and improvements	\$ 43,886,057
Machinery, equipment, and art	4,287,523
Construction in progress	<u>6,227,750</u>
	54,401,330
Less accumulated depreciation	<u>(10,362,327)</u>
Property and equipment, net	<u>\$ 44,039,003</u>

Notes 5 describe assets acquired under finance leases and the amounts representing right of use assets that have been included in property and equipment.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Note and Bonds Payable

Series 2018 Revenue Bonds

In November 2018, Friends entered into a Loan Agreement with the Jefferson Parish Economic Development Commission (JEDCO) in connection with the issuance of tax-exempt revenue bonds (Series 2018A) and taxable revenue bonds (Series 2018B) for the Kenner Discovery Health Sciences Academy Project. The proceeds of the bonds were used for (i) financing the acquisition, construction, improvement, and equipment, (ii) funding a debt service reserve fund, (iii) funding capitalized interest during construction, (iv) refunding indebtedness incurred by Friends and Discovery, and (v) paying the costs of issuance of the Series 2018A and 2018B bonds. The Series 2018A bonds were issued at a discount of \$477,478 and issuance costs associated with the bonds were \$1,553,785.

The Series 2018A bonds are subject to mandatory sinking fund redemption beginning June 15, 2021, and continuing through maturity on June 15, 2048. The Series 2018A bonds are subject to optional redemption beginning June 15, 2028, at a redemption price of 100% of the principal amount redeemed, plus accrued interest. The Series 2018B bonds are subject to mandatory sinking fund redemption beginning June 15, 2021 and continuing through maturity on June 15, 2024.

Amortization expense related to bond issuance costs incurred by Friends was \$55,992 for the year ended June 30, 2023. Amortization expense related to the discount on bonds was \$2,070 for the year ended June 30, 2023.

Friends has granted a security interest in all of its presently existing and future accounts and revenues, as defined, as security for its obligation under the loan agreement.

Cooperative Endeavor Agreement and Term Promissory Note

In January and March 2023, Discovery entered into a cooperative endeavor agreement (CEA) and term promissory note (Note) with JPPSS in which JPPSS agreed to loan Discovery \$4,935,000 for the Discovery Arts and Athletic Performance Center. The proceeds of the note will be used to construct, develop and operate an approximately 1,000 seat multipurpose facility called the Discovery Arts and Athletic Performance Center, which will provide important and necessary education services to the residents of Jefferson Parish, Louisiana.

Principal and interest payments are payable to JPPSS not later than 15 days prior to each principal payment date of March 1 and interest payment dates of March 1 and September 1.

Issuance costs associated with the note were \$35,375 and were expensed during the year ended June 30, 2023.

In accordance with the CEA and Note, JPPSS will advance loan proceeds to Discovery upon satisfaction of the advance requirements in accordance with the CEA. As of June 30, 2023, no loan proceeds were advanced to Discovery, and therefore the entire \$4,935,000 is recorded as other receivable on the consolidated statement of financial position.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Note and Bonds Payable (continued)

Outstanding note and bonds payable consisted of the following at June 30, 2023:

Tax-exempt revenue bonds Series 2018A, include term bonds that are broken down into increments of \$6,390,000 that bears interest at 4.800%, \$13,100,000 that bears interest at 5.500%, and \$24,405,000 that bears interest at 5.625%	\$ 43,095,000
Taxable revenue bonds Series 2018B that bears interest at 6.125%	295,000
Note payable that bears interest at 4.000% - 5.000%	4,908,333
Unamortized discount on bonds	(474,166)
Unamortized issuance costs on bonds	(1,385,808)
	<u>\$ 46,438,359</u>

The principal obligations on indebtedness will mature as follows for the years ending June 30:

	<u>Series 2018A</u>	<u>Series 2018B</u>	<u>Note Payable</u>	<u>Total</u>
2024	\$ 525,000	\$ 295,000	\$ 108,333	\$ 928,333
2025	920,000	-	166,667	1,086,667
2026	965,000	-	173,333	1,138,333
2027	1,010,000	-	181,667	1,191,667
2028	1,060,000	-	188,333	1,248,333
Thereafter	38,615,000	-	4,090,000	42,705,000
	<u>\$ 43,095,000</u>	<u>\$ 295,000</u>	<u>\$ 4,908,333</u>	<u>\$ 48,298,333</u>

5. Finance Leases

Discovery leases modular buildings from Mobile Modular Management Corporation under a finance lease. Discovery also leases computer tablets from Dell under a finance lease. The economic substance of both leases is that Discovery is financing the acquisition of the assets through the leases; and, accordingly, both a right of use asset and lease liability are recorded in Discovery's assets and liabilities for these leases.

Friends leases modular buildings from Vanguard Modular Building Systems (Vanguard) under a finance lease. The economic substance of the lease is that Friends is financing the acquisition of the assets through the lease; and, accordingly, a right of use asset and lease liability are recorded in Friends' assets and liabilities.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Finance Leases (continued)

The following is an analysis of the right of use assets included in property and equipment at June 30, 2023:

Buildings	\$ 2,038,512
Equipment	87,762
Less: Accumulated depreciation	<u>(1,727,670)</u>
	<u>\$ 398,604</u>

Amortization of assets held under finance leases is included with depreciation expense.

The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30:

	<u>Amount</u>
2024	\$ 255,768
2025	63,943
Total minimum lease payments	319,711
Less: amount representing interest	<u>(11,900)</u>
Present value of minimum lease payments	<u>\$ 307,811</u>

6. Retirement Plans

Substantially all employees of the Organization are participants of an employer sponsored Safe Harbor 401(k) plan (the Plan). Covered employees may elect to contribute a portion of their salaries to the Plan. The Organization's matching contribution to the Plan is equal to 100% of the participant's contribution that does not exceed 3% of the participant's compensation, plus 50% of the participant's contribution that exceeds 3% of the participant's compensation, not to exceed 5% of the participant's compensation. The Organization made \$572,144 in contributions to the Plan during the year ended June 30, 2023.

The Organization also sponsors a 457(b) Deferred Compensation Plan (the 457(b) Plan) for its Chief Executive Officer. The Organization contributes the maximum allowed to the 457(b) Plan, as required by the Chief Executive Officer's contract. This contribution totaled \$22,500 during the year ended June 30, 2023. The 457(b) Plan's assets and liabilities reflected on the consolidated statement of financial position at June 30, 2023, totaled \$287,295.

7. Concentrations and Credit Risk

Discovery's primary source of funding is through the State Public School Fund from JPPSS and the Louisiana Department of Education (LDOE) based on eligible students in attendance on a monthly basis. Discovery received approximately 73% of its total revenue flow through funds from JPPSS for the year ended June 30, 2023.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Concentrations and Credit Risk (continued)

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. In 2023 the Organization opened sweep accounts to mitigate the risk.

8. Commitments and Contingencies

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

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agencies are to be used for educational purposes as described in the Organization's charter agreement and grant awards. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds. Should the charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

9. Net Assets with Donor Restrictions

As of June 30, 2023, net assets with donor restrictions included \$477,374 restricted by donors for specific programs, purposes, student activities, or to assist specific departments of Discovery. There were no contributions that were time-restricted by donors.

10. Operating Leases

The Organization entered into an operating lease for the rental of a school building payable to the JPPSS in the amount of \$107 per student per year to compensate the lessor for the cost of providing property and casualty insurance on the leased premises. The lease was for five years that commenced on July 1, 2013 and ended on June 30, 2018. During June 2018, the lease was renewed for ten years commencing on July 1, 2018 and ending on June 30, 2028. Future minimum commitments under the operating lease agreements are estimated to be \$307,811 at June 30, 2023.

11. Cooperative Endeavor Lease Agreement

The Organization entered into a cooperative endeavor lease agreement on November 23, 2016 at no charge to the Organization with JPPSS in which JPPSS leased to the Organization certain real property (land) for the purpose of constructing, developing, and operating on the land a public charter school facility, including infrastructure, parking, and other related facilities. The Organization has certain covenants regarding the construction and operations of the land on behalf of JPPSS. On May 12, 2017, Discovery sublet the land to Friends. The lease and sublease terms will run until October 31, 2115.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Employee Retention Tax Credit

The CARES Act provides an employee retention credit (“CARES Employee Retention credit”) which is a refundable tax credit against certain employment taxes. Additional relief provisions were passed by the United States Government which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit for 2021 is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. Employee Retention Tax Credit revenue for the year ended June 30, 2023, relates to amended Form 941 employer quarterly federal tax returns filed for each of the quarters ended March 31, 2021 and June 30, 2021.

The retention credits received by Discovery are subject to future IRS audits and as such, if disallowed in whole or part, amounts may be subject to refund, with interest and penalties.

13. Related Parties

Friends and Discovery entered into a facilities lease agreement dated November 1, 2018 pursuant to the loan agreement and Series 2018 bonds discussed in Note 4. The leased facilities are currently under construction on the land which is sublet by Friends from Discovery to be used as school facilities. The lease calls for payments to Friends in monthly amounts sufficient for Friends to make timely payments of principal and interest on the Series 2018 Bonds. Lease payments began in August 2019 and run through June 2048.

Friends and Vanguard entered into a lease agreement dated September 2, 2017, wherein Vanguard agreed to lease to Friends certain modular buildings (the Buildings). The Buildings are installed on the land and are sublet by Friends to Discovery to be used as school facilities. The lease between Friends and Discovery for the Buildings is for a term of 99 years and calls for monthly rent sufficient to cover the debt service and lease payment by Friends. Rent expense incurred by Discovery and earned by Friends as part of the sublease totaled \$304,560 during the year ended June 30, 2023. There was no prepaid rent by Discovery or deferred revenue for Friends under this sublease agreement as of June 30, 2023.

Other amounts payable by Friends to Discovery totaled \$1,180,531 at June 30, 2023 and are included in due to/from related party on the consolidating statement of financial position.

All intercompany activity has been eliminated on the consolidated financial statements.

14. Subsequent Events

Baton Rouge Ochsner Discovery opened in August 2023 with 145 students in grades pre-kindergarten through 4th.

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, November 6, 2023, and determined that no other events occurred that require disclosure in the consolidated financial statements. No events after this date have been evaluated for inclusion in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

	Discovery Health Sciences Foundation, Inc.	Dr. John Ochsner Discovery*	Baton Rouge Ochsner Discovery	Discovery Hub*	Friends of Discovery Health Sciences Foundation, Inc.	Eliminations	Total
<u>CURRENT ASSETS</u>							
Current assets							
Cash and cash equivalents	\$ 8,005,966	\$ 1,735,375	\$ 100,735	\$ 612,564	\$ 1,175,459	\$ -	\$ 11,630,099
Restricted cash and cash equivalents	-	-	-	-	4,314,846	-	4,314,846
Grants and contributions receivable	3,717,946	789,702	149,910	-	909	-	4,658,467
Other receivable	4,935,000	-	-	-	-	-	4,935,000
Due from related party	1,752,149	173,452	62,374	248	(190)	(1,988,033)	-
Prepaid expenses	427,511	5,391	-	-	-	-	432,902
Total current assets	<u>18,838,572</u>	<u>2,703,920</u>	<u>313,019</u>	<u>612,812</u>	<u>5,491,024</u>	<u>(1,988,033)</u>	<u>25,971,314</u>
<u>NONCURRENT ASSETS</u>							
Property and equipment, net	6,929,897	161,722	100,210	9,638	36,837,536	-	44,039,003
Deposits	58,911	16,190	-	-	44,018	-	119,119
Deferred compensation	287,295	-	-	-	-	-	287,295
Total noncurrent assets	<u>7,276,103</u>	<u>177,912</u>	<u>100,210</u>	<u>9,638</u>	<u>36,881,554</u>	<u>-</u>	<u>44,445,417</u>
Total assets	<u>\$ 26,114,675</u>	<u>\$ 2,881,832</u>	<u>\$ 413,229</u>	<u>\$ 622,450</u>	<u>\$ 42,372,578</u>	<u>\$ (1,988,033)</u>	<u>\$ 70,416,731</u>
<u>LIABILITIES AND NET ASSETS</u>							
<u>CURRENT LIABILITIES</u>							
Accounts payable and accrued expenses	\$ 1,200,153	\$ 141,732	\$ 36,918	\$ 17,978	\$ 1,500	\$ -	\$ 1,398,281
Accrued salaries and benefits	1,556,418	-	-	-	-	-	1,556,418
Obligations under capital leases - current portion	-	-	-	-	244,475	-	244,475
Note payable - current portion	108,333	-	-	-	-	-	108,333
Bonds payable, net - current portion	-	-	-	-	820,000	-	820,000
Student activity liability	94,357	2,700	-	-	-	-	97,057
Due to related party	173,452	427,932	-	206,118	1,180,531	(1,988,033)	-
Total current liabilities	<u>3,132,713</u>	<u>572,364</u>	<u>36,918</u>	<u>224,096</u>	<u>2,246,506</u>	<u>(1,988,033)</u>	<u>4,224,564</u>
<u>NONCURRENT LIABILITIES</u>							
Obligations under capital leases - noncurrent portion	-	-	-	-	63,336	-	63,336
Note payable - noncurrent portion	4,800,000	-	-	-	-	-	4,800,000
Bonds payable, net - noncurrent portion	-	-	-	-	40,710,026	-	40,710,026
Deferred compensation liability	287,295	-	-	-	-	-	287,295
Total noncurrent liabilities	<u>5,087,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,773,362</u>	<u>-</u>	<u>45,860,657</u>
Total liabilities	<u>8,220,008</u>	<u>572,364</u>	<u>36,918</u>	<u>224,096</u>	<u>43,019,868</u>	<u>(1,988,033)</u>	<u>50,085,221</u>
<u>NET ASSETS</u>							
Without donor restrictions	17,802,769	2,309,468	376,311	398,354	(1,032,766)	-	19,854,136
With donor restrictions	91,898	-	-	-	385,476	-	477,374
Total net assets	<u>17,894,667</u>	<u>2,309,468</u>	<u>376,311</u>	<u>398,354</u>	<u>(647,290)</u>	<u>-</u>	<u>20,331,510</u>
Total liabilities and net assets	<u>\$ 26,114,675</u>	<u>\$ 2,881,832</u>	<u>\$ 413,229</u>	<u>\$ 622,450</u>	<u>\$ 42,372,578</u>	<u>\$ (1,988,033)</u>	<u>\$ 70,416,731</u>

*Not separate legal entities but tracked distinctly by management for internal reporting purposes.

See accompanying independent auditors' report.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Discovery Health Sciences Foundation, Inc.</u>			<u>Dr. John Ochsner Discovery*</u>	<u>Baton Rouge Ochsner Discovery</u>	<u>Discovery Hub*</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Revenues and support:						
Per pupil support (Minimum Foundation Program)	\$ 27,462,462	\$ -	\$ 27,462,462	\$ 7,934,476	\$ -	\$ -
Federal grants	5,250,187	-	5,250,187	933,645	150,000	-
State grants	109,926	-	109,926	111,600	-	-
Tuition	126,545	-	126,545	134,450	8,400	-
Fundraising revenue	21,950	-	21,950	5,951	-	-
Contributions and donations	84,926	39,084	124,010	3,519	850,000	-
Student activities and fees	892,258	-	892,258	287,184	460	-
Employee retention tax credit	3,971,160	-	3,971,160	-	-	-
Rental income	-	-	-	-	-	-
Interest income	29,935	-	29,935	9,740	241	1,412
Miscellaneous revenue	1,025	-	1,025	-	-	3,814,056
Net assets released from restrictions	81,311	(81,311)	-	-	-	-
Total revenues and support	<u>38,031,685</u>	<u>(42,227)</u>	<u>37,989,458</u>	<u>9,420,565</u>	<u>1,009,101</u>	<u>3,815,468</u>
Expenses:						
Program services:	15,100,430	-	15,100,430	4,506,681	218,611	-
Total program services	<u>15,100,430</u>	<u>-</u>	<u>15,100,430</u>	<u>4,506,681</u>	<u>218,611</u>	<u>-</u>
Support services:						
Management and general	16,303,207	-	16,303,207	4,822,326	341,346	2,174,512
Fundraising	334,888	-	334,888	81,917	72,833	1,600,763
Total support services	<u>16,638,095</u>	<u>-</u>	<u>16,638,095</u>	<u>4,904,243</u>	<u>414,179</u>	<u>3,775,275</u>
Total expenses	<u>31,738,525</u>	<u>-</u>	<u>31,738,525</u>	<u>9,410,924</u>	<u>632,790</u>	<u>3,775,275</u>
Change in net assets	6,293,160	(42,227)	6,250,933	9,641	376,311	40,193
NET ASSETS AT BEGINNING OF YEAR	<u>11,509,609</u>	<u>134,125</u>	<u>11,643,734</u>	<u>2,299,827</u>	<u>-</u>	<u>358,161</u>
NET ASSETS AT END OF YEAR	<u>\$ 17,802,769</u>	<u>\$ 91,898</u>	<u>\$ 17,894,667</u>	<u>\$ 2,309,468</u>	<u>\$ 376,311</u>	<u>\$ 398,354</u>

*Not separate legal entities but tracked distinctly by management for internal reporting purposes.

(Continued)

See accompanying independent auditors' report.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Friends of Discovery Health Sciences Foundation, Inc.			Eliminations	Consolidated		
	Without	With Donor	Total	Without	Without	With Donor	Total
	Donor Restrictions	Restrictions		Donor Restrictions	Donor Restrictions	Restrictions	
Revenues and support:							
Per pupil support (Minimum Foundation Program)	\$ -	\$ -	\$ -	\$ -	\$ 35,396,938	\$ -	\$ 35,396,938
Federal grants	-	-	-	-	6,333,832	-	6,333,832
State grants	-	-	-	-	221,526	-	221,526
Tuition	-	-	-	-	269,395	-	269,395
Fundraising revenue	155,269	-	155,269	-	183,170	-	183,170
Contributions and donations	23,800	50,000	73,800	-	962,245	89,084	1,051,329
Student activities and fees	-	-	-	-	1,179,902	-	1,179,902
Employee retention tax credit	-	-	-	-	3,971,160	-	3,971,160
Rental income	3,851,592	-	3,851,592	(3,851,592)	-	-	-
Interest income	159,035	-	159,035	-	200,363	-	200,363
Miscellaneous revenue	-	-	-	(3,814,056)	1,025	-	1,025
Net assets released from restrictions	6,720	(6,720)	-	-	88,031	(88,031)	-
Total revenues and other support	<u>4,196,416</u>	<u>43,280</u>	<u>4,239,696</u>	<u>(7,665,648)</u>	<u>48,807,587</u>	<u>1,053</u>	<u>48,808,640</u>
Expenses:							
Program services:	1,769,563	-	1,769,563	-	21,595,285	-	21,595,285
Total program services	<u>1,769,563</u>	<u>-</u>	<u>1,769,563</u>	<u>-</u>	<u>21,595,285</u>	<u>-</u>	<u>21,595,285</u>
Support services:							
Management and general	2,544,421	-	2,544,421	(7,665,648)	18,520,164	-	18,520,164
Fundraising	75,007	-	75,007	-	2,165,408	-	2,165,408
Total support services	<u>2,619,428</u>	<u>-</u>	<u>2,619,428</u>	<u>(7,665,648)</u>	<u>20,685,572</u>	<u>-</u>	<u>20,685,572</u>
Total expenses	<u>4,388,991</u>	<u>-</u>	<u>4,388,991</u>	<u>(7,665,648)</u>	<u>42,280,857</u>	<u>-</u>	<u>42,280,857</u>
Change in net assets	(192,575)	43,280	(149,295)	-	6,526,730	1,053	6,527,783
NET ASSETS AT BEGINNING OF YEAR	<u>(840,191)</u>	<u>342,196</u>	<u>(497,995)</u>	<u>-</u>	<u>13,327,406</u>	<u>476,321</u>	<u>13,803,727</u>
NET ASSETS AT END OF YEAR	<u>\$ (1,032,766)</u>	<u>\$ 385,476</u>	<u>\$ (647,290)</u>	<u>\$ -</u>	<u>\$ 19,854,136</u>	<u>\$ 477,374</u>	<u>\$ 20,331,510</u>

*Not separate legal entities but tracked distinctly by management for internal reporting purposes.

See accompanying independent auditors' report.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

Agency Head Name: Dr. Patty Glaser, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 238,634
Benefits - insurance (FICA, Medicare, Health, Life, Disability)	26,753
Benefits - retirement	8,711
Benefits - deferred compensation	22,500
Benefits - other	1,701
Car allowance	12,000
Cell phone	1,020
Reimbursements	4,591
	<u>\$ 315,910</u>

See accompanying independent auditors' report.

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

To the Board of Directors for
Discovery Health Sciences Foundation, Inc.
Kenner, 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 consolidated financial statements of Discovery Health Sciences Foundation, Inc. (a nonprofit organization) (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's consolidated 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
November 6, 2023



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

To the Board of Directors for
Discovery Health Sciences Foundation, Inc.
Kenner, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Discovery Health Sciences Foundation, Inc.'s (the Organization) 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 Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2023.

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 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 Organization'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 Organization's federal programs.

Auditors' 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 have not been 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
November 6, 2023

EISNERAMPER
LLP



DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>United States Department Agriculture</u>			
Passed through the Louisiana Department of Agriculture:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Unknown	\$ 179,530
National School Lunch Program	10.555	Unknown	805,788
Total Child Nutrition Cluster			985,318
Total Louisiana Department of Agriculture			985,318
Total United States Department of Agriculture			985,318
<u>United States Department of Education</u>			
Passed through the Jefferson Parish Public School System:			
Title I Grants to Local Education Agencies (LEAs)	84.010	S010A170018	649,343
Title II, Part A - Improving Teacher Quality Through State Grants	84.367A	S367A2170017	109,560
Title IV Student Support and Academic Enrichment Program	84.424	Unknown	84,680
Special Education - Grants to States (IDEA, Part B) ¹	84.027	H027A170033	1,027,275
COVID-19 - Education Stabilization Fund			
CARES- ESSERF II ²	84.425D	Unknown	1,943,301
CARES- ESSERF III ²	84.425D	Unknown	1,384,355
Total COVID-19 - Education Stabilization Fund			3,327,656
Total Jefferson Parish Public School System			5,198,514
Passed through the Louisiana Department of Education:			
COVID-19 - Education Stabilization Fund			
CARES- ESSERF II ²	84.425D	S425D210003	150,000
Total COVID-19 - Education Stabilization Fund			150,000
Total Louisiana Department of Education			150,000
Total United States Department of Education			5,348,514
Total Expenditures of Federal Awards			\$ 6,333,832

¹ Special Education Cluster

² Total CARES- ESSERF 84.425D = \$3,477,656

See accompanying independent auditors' report.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Discovery Health Sciences Foundation, Inc. (the Organization) for the year ended June 30, 2023. 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 Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. The Organization's reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2023.

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 accordance with the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented, or used in the preparation of, the basic consolidated financial statements.

3. Relationship to Financial Statements

Federal revenues of \$6,333,832 are included in Revenues and Support on the Consolidated Statement of Activities.

4. Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports.

5. De Minimis Cost Rate

During the year ended June 30, 2023, the Organization did not include any expenditures related to indirect cost rate calculations and did not elect to use the 10-percent de minimis indirect cost rate as allowed in the Uniform Guidance.

6. Amounts Passed Through to Subrecipients

The Organization did not pass through any federal funds to subrecipients.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

(1) Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued on the financial statements: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None noted

Noncompliance material to the financial statements noted? No

Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None noted

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of major program:

Child Nutrition Cluster	10.553 and 10.555
Special Education – Grants to States (IDEA, Part B)	84.027A
COVID-19 – Education Stabilization Fund	84.425D

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

Auditee qualified as a low-risk auditee under Section 530 of the Uniform Guidance: Yes

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

- (2) **Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None

- (3) **Findings and Questioned Costs Relating to Federal Awards:**

None

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2023

Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

Findings and Questioned Costs Relating to Federal Awards:

None

EISNERAMPER

**DISCOVERY HEALTH SCIENCES
FOUNDATION, INC.**

**REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON
COMPLIANCE AND CONTROL
AREAS**

FOR THE YEAR ENDED JUNE 30, 2023



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Discovery Health Sciences Foundation and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A 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, 2022 through June 30, 2023. Discovery Health Sciences Foundation's (the Foundation) management is responsible for those C/C areas identified in the SAUPs.

Discovery Health Sciences 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, 2022 through June 30, 2023. 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by Discovery Health Sciences 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 the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 for the fiscal period July 1, 2022 through June 30, 2023. 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 Discovery Health Sciences Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.



EISNERAMPER LLP

Metairie, Louisiana

November 6, 2023

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

ii. ***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.

No exceptions noted.

iii. ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

iv. ***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.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions noted.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Exception noted. The Foundation has written policies for Travel and Expense Reimbursement; however, the policy does not specifically address (2) dollar thresholds by category of expense.

- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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 (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

- ix. ***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 entity's ethics policy.

No exceptions noted.

- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exceptions noted. The Foundation has written policies for Debt Service; however, the policy does not specifically address (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- xi. ***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.

No exceptions noted.

- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

2) Board or Finance Committee

A. Obtain and inspect 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:

- i. Observe 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.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable, the Foundation is not a governmental entity.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable, no prior year audit findings.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 5 bank accounts. No exceptions were noted as a result of performing this procedure.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

From the listing provided, we selected all 5 bank accounts and obtained the bank reconciliations for the month ending June 30, 2023, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a 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

No exceptions noted.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception noted. For 1 out of the 5 bank reconciliations selected, management did not have documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 2 deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all deposit sites and performed the procedures below.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure (4A) was provided and included 2 collection locations per deposit site. No exceptions were noted as a result of performing this procedure.

From the listings provided, we selected all collection locations for each deposit site. Review of the Foundation's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

No exceptions noted.

- iii. Each employee responsible for collecting cash is not also 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; and

No exceptions noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure (3A). We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

- i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- iv. Observe that 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).

Exceptions noted. For 4 out of the 10 deposits selected, the deposit was not made within one business day of receipt at the collection location.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

5) *Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided and included a total of 5 locations. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all 5 physical locations that process payments and performed the procedures below.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the payment processing locations selected in procedure (5A) was provided. No exceptions were noted as a result of performing this procedure.

Review of the Foundation's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- iii. 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;

No exceptions noted.

- iv. 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; and

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

A listing of non-payroll disbursements for the payment processing locations selected in procedure (5A) was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 disbursements from each physical location and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of active credit cards for the fiscal period was provided and included a total of 4 cards. No exceptions were noted as a result of performing this procedure.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

From the listing provided, we selected all 4 cards that were used in the fiscal period. We randomly selected one monthly statement for each of the cards selected and performed the procedures noted below.

- i. Observe whether there is 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We randomly selected 25 transactions from the 4 monthly credit card statements selected under procedure (6B) and performed the specified procedures.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

Exception noted. For 1 out of the 25 transactions selected for our procedures, the business expense was not considered appropriate for reimbursement as restricted by the entity's policies and procedures. Per the Foundation's Policies and Procedures Manual, "Alcoholic beverage purchases are not allowable purchases and are not reimbursable costs." We did note that Friends of Discovery ultimately reimbursed the Foundation for the purchase.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and 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:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that 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);

Of the 5 reimbursements selected for our procedures, 4 were reimbursed using a per diem. No exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

Of the 5 reimbursements selected for our procedures, 1 was reimbursed using actual costs. No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

8) Contracts

- A. Obtain 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

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 was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Of the 5 contracts selected for our procedures, none were subject to Louisiana Public Bid Law.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

Of the 5 contracts selected for our procedures, 1 was subject to approval by the board. No exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and

Of the 5 contracts selected for our procedures, none were amended.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure (9A).

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

A listing of employees/officials receiving termination payments during the fiscal period was provided.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions noted.

- D. Obtain 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.

No exceptions noted.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure “Payroll and Personnel” procedure #9A, above obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Ethics is not applicable to the Foundation as it is a non-profit entity.

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

State Bond Commission approval is not applicable to the Foundation as it is a non-profit entity.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions noted.

12) Fraud Notice

- A. 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management represented that there were no misappropriations of public funds or assets during the fiscal period. No exceptions were noted as a result of performing this procedure.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- B. Observe that the entity 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.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates 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.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

The requirements of LA RS 42:341 – 344 apply to governmental entity public officers and employees and is therefore not applicable to the Foundation as it is a non-profit entity.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2023

Schedule B

Written Policies:

Discovery will amend our policies to include the new LLA requirements for written policies.

Bank Reconciliations:

Discovery will eliminate the item as soon as practical. We have been working with our accounting software vendor to resolve this properly.

Collections:

Discovery has one Bursar at each school and money is deposited into the Bursar's safe continuously throughout the day. The Bursars make every effort to count, reconcile, document and deposit funds daily. We will continue our efforts to make deposits within one business day of receipt.

Credit Cards:

This was an inadvertent use of the credit card for this purpose. Management has Discovery and Friends of Discovery credit cards, which have different policies, and simply used the wrong one. As mentioned in the finding, Friends of Discovery ultimately paid the expense so there was no misuse of public funds in the end.

EISNERAMPER

**DISCOVERY HEALTH SCIENCES
FOUNDATION, INC.**

KENNER, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

FOR THE YEAR ENDED JUNE 30, 2023



Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors of Discovery Health Sciences Foundation, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Discovery Health Sciences Foundation, Inc. (Discovery) for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514.I. Management of Discovery is responsible for its performance and statistical data.

Discovery 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 acknowledged 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 (no revenue reported),
 - Total Local Earnings on Investment in Real Property (no revenue reported),
 - Total State Revenue in Lieu of Taxes (no revenue reported),
 - Nonpublic Textbook Revenue (no revenue reported), and
 - Nonpublic Transportation Revenue (no revenue reported).

We noted no exceptions.

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, 2022 roll books for those classes and observed that the class was properly classified on the schedule.

We noted one exception where the class size was not properly classified on the schedule based on the October 1, 2022 roll book.

Education Levels/Experience of Public-School Staff (NO SCHEDULE)

3. We obtained October 1, 2022 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.

We noted one exception where an individual's education level was not classified correctly on the PEP data when compared to the individual's personnel file.

Public-School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30, 2023 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

We noted no exceptions.

We were engaged by Discovery 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 engagement, 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 Discovery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Discovery, 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
November 6, 2023



DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
MANAGEMENT'S RESPONSE
KENNER, LOUISIANA

Class Size Characteristics:

Discovery agrees with this exception. Discovery continuously strives to obtain and document accurate data. We will continue our efforts to maintain valid information.

Education Levels/Experience of Public-School Staff:

Discovery agrees with this exception. Discovery continuously strives to obtain and document accurate data. We will continue our efforts to maintain valid information.

DISCOVERY HEALTH SCIENCES FOUNDATION, INC.
KENNER, LOUISIANA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 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.

Schedule 1: Discovery Health Sciences Foundation, Inc.
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2023

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 11,391,857	
Other Instructional Staff Activities	2,583,606	
Instructional Staff Employee Benefits	3,248,454	
Purchased Professional and Technical Services	54,830	
Instructional Materials and Supplies	1,876,098	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	19,154,846
Other Instructional Activities		325,846
		19,480,692
Pupil Support Activities	2,468,040	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	-	2,468,040
Instructional Staff Services	1,004,339	
Less: Equipment for instructional staff services	-	
Net Instructional Staff Services	-	1,004,339
School Administration	2,538,342	
Less: Equipment for School Administration	-	
Net School Administration	-	2,538,342
Total General Fund Instructional Expenditures		\$ 25,491,412
Total General Fund Equipment Expenditures		\$ -

Certain Local Revenue Sources

Not Applicable

Prepared by Discovery Health Sciences Foundation, Inc.

Schedule 2: Class Size Characteristics
As of October 1, 2022

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	27%	76	70%	201	3%	9	0%	1
Elementary Activity Classes	5%	2	86%	37	5%	2	4%	1
Middle/Junior High	0%	-	0%	-	0%	-	0%	-
Middle/Junior High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	37%	318	56%	486	6%	53	1%	5
Combination Activity Classes	40%	56	44%	61	2%	3	14%	19

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

Prepared by Discovery Health Sciences Foundation, Inc.