

**GREAT HEARTS LOUISIANA, INC.**

**BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Great Hearts Louisiana Inc.  
Baton Rouge, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Great Hearts Louisiana Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Hearts Louisiana Inc. as of June 30, 2025 and 2024, and the changes in its net assets and cash flows for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Great Hearts Louisiana Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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



To the Board of Directors of  
Great Hearts Louisiana Inc.  
Baton Rouge, Louisiana

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, 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 financial statements.

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

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



To the Board of Directors of  
Great Hearts Louisiana Inc.  
Baton Rouge, Louisiana

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule “1”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 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 December 22, 2025 on our consideration of Great Hearts Louisiana Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Great Hearts Louisiana Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Hearts Louisiana Inc.’s internal control over financial reporting and compliance.

December 22, 2025  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*

Certified Public Accountants

## **FINANCIAL STATEMENTS**

**GREAT HEARTS LOUISIANA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 1,226,069	\$ 562,850
Grants receivable - federal and state	1,010,410	323,575
Inventory	-	28,127
Prepaid expenses	<u>111,581</u>	<u>9,939</u>
 Total current assets	 <u>2,348,060</u>	 <u>924,491</u>
 <b><u>PROPERTY AND EQUIPMENT, NET</u></b>	 567,071	 282,448
<b><u>OTHER ASSETS:</u></b>		
Right of use assets - operating leases, net	4,821,705	5,970,021
Deposits	<u>13,986</u>	<u>13,986</u>
 Total other assets	 <u>4,835,691</u>	 <u>5,984,007</u>
 Total assets	 <u>\$ 7,750,822</u>	 <u>\$ 7,190,946</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	\$ 173,015	\$ 148,830
Accounts payable to related party	22,969	32,785
Accrued expenses	247,153	136,063
Note payable to related party	1,175,000	-
Current portion of operating leases	1,286,862	1,231,321
Other liabilities	<u>19,222</u>	<u>8,583</u>
 Total current liabilities	 <u>2,924,221</u>	 <u>1,557,582</u>
<b><u>NON-CURRENT LIABILITIES:</u></b>		
Operating leases, net of current portion	<u>3,846,110</u>	<u>5,132,971</u>
 Total non-current liabilities	 <u>3,846,110</u>	 <u>5,132,971</u>
 Total liabilities	 <u>6,770,331</u>	 <u>6,690,553</u>
<b><u>NET ASSETS:</u></b>		
Without donor restrictions	970,491	500,393
With donor restrictions	<u>10,000</u>	<u>-</u>
 Total net assets	 <u>980,491</u>	 <u>500,393</u>
 Total liabilities and net assets	 <u>\$ 7,750,822</u>	 <u>\$ 7,190,946</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**GREAT HEARTS LOUISIANA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<b><u>REVENUE:</u></b>			
Minimum Foundation Program funding	\$ 7,847,557	\$ -	\$ 7,847,557
Other state/local funding	173,152	-	173,152
Federal grants	1,117,766	-	1,117,766
Contributions and gifts	295,456	10,000	305,456
Co-Curricular revenue	117,934	-	117,934
Other income	173,066	-	173,066
Release from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>9,724,931</u>	<u>10,000</u>	<u>9,734,931</u>
<b><u>EXPENSES:</u></b>			
Program expenses	7,391,221	-	7,391,221
Management and general	1,857,565	-	1,857,565
Fundraising	<u>6,047</u>	<u>-</u>	<u>6,047</u>
Total expenses	<u>9,254,833</u>	<u>-</u>	<u>9,254,833</u>
Change in net assets	470,098	10,000	480,098
Net assets, beginning of year, as restated	<u>500,393</u>	<u>-</u>	<u>500,393</u>
Net assets, end of year	<u>\$ 970,491</u>	<u>\$ 10,000</u>	<u>\$ 980,491</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**GREAT HEARTS LOUISIANA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b><u>REVENUE:</u></b>			
Minimum Foundation Program funding	\$ 4,062,045	\$ -	\$ 4,062,045
Other state/local funding	-	-	-
Federal grants	126,859	-	126,859
Contributions and gifts	2,401,818	502,500	2,904,318
Co-Curricular revenue	33,805	-	33,805
Other income	92,350	-	92,350
Release from restrictions	<u>502,500</u>	<u>(502,500)</u>	<u>-</u>
 Total revenue	 <u>7,219,377</u>	 <u>-</u>	 <u>7,219,377</u>
<b><u>EXPENSES:</u></b>			
Program expenses	5,489,182	-	5,489,182
Management and general	1,563,575	-	1,563,575
Fundraising	<u>66,144</u>	<u>-</u>	<u>66,144</u>
 Total expenses	 <u>7,118,901</u>	 <u>-</u>	 <u>7,118,901</u>
 Change in net assets	 100,476	 -	 100,476
 Net assets, beginning of year	 <u>399,917</u>	 <u>-</u>	 <u>399,917</u>
 Net assets, end of year	 <u>\$ 500,393</u>	 <u>\$ -</u>	 <u>\$ 500,393</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**GREAT HEARTS LOUISIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Program	Management & General	Fundraising	Total
Salaries	\$ 3,357,221	\$ 730,084	\$ 1,079	\$ 4,088,384
Employee benefits	387,297	69,183	510	456,990
Retirement	25,271	6,398	15	31,684
Payroll taxes	248,310	57,047	81	305,438
Other purchased professional services	567,109	121,659	-	688,768
Purchased technical services	93,581	79,443	-	173,024
Utilities	88,047	19,147	-	107,194
Repairs & maintenance	263,384	57,277	-	320,661
Student transportation	276,886	-	-	276,886
Communications	13,139	210	-	13,349
Food service	298,082	-	-	298,082
Travel & meals	24,593	28,259	-	52,852
Miscellaneous purchased services	5,683	-	-	5,683
Materials & supplies	171,301	62,485	1,286	235,072
Insurance expense	175,619	2,049	-	177,668
Dues & fees	37,916	191,786	3,076	232,778
Miscellaneous	18,551	18	-	18,569
Depreciation	108,478	23,590	-	132,068
Advertising	-	158,964	-	158,964
Textbooks	81,306	-	-	81,306
Lease cost	1,149,447	249,966	-	1,399,413
	<u>1,149,447</u>	<u>249,966</u>	<u>-</u>	<u>1,399,413</u>
 Total expenses	 <u>\$ 7,391,221</u>	 <u>\$ 1,857,565</u>	 <u>\$ 6,047</u>	 <u>\$ 9,254,833</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**GREAT HEARTS LOUISIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Program	Management & General	Fundraising	Total
Salaries	\$ 2,251,315	\$ 638,802	\$ 53,943	\$ 2,944,060
Employee benefits	249,299	67,664	5,664	322,627
Retirement	26,203	7,562	1,015	34,780
Payroll taxes	172,291	49,548	4,313	226,152
Other purchased professional services	455,702	114,370	63	570,135
Purchased technical services	97,572	84,705	-	182,277
Utilities	72,772	20,649	-	93,421
Repairs & maintenance	160,054	45,415	-	205,469
Student transportation	243,631	-	-	243,631
Communications	13,655	260	-	13,915
Food service	157,012	17,993	-	175,005
Travel & meals	8,301	25,050	-	33,351
Miscellaneous purchased services	2,204	11	-	2,215
Materials & supplies	315,444	55,833	3	371,280
Insurance expense	36,131	5,060	-	41,191
Dues & fees	17,080	4,008	1,060	22,148
Miscellaneous	2,134	(368)	83	1,849
Depreciation	72,341	20,526	-	92,867
Advertising	27,794	96,424	-	124,218
Textbooks	15,498	-	-	15,498
Lease cost	1,092,749	310,063	-	1,402,812
Total expenses	<u>\$ 5,489,182</u>	<u>\$ 1,563,575</u>	<u>\$ 66,144</u>	<u>\$ 7,118,901</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**GREAT HEARTS LOUISIANA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 480,098	\$ 100,476
Adjustments to reconcile change in net assets to cash and cash equivalents from operating activities:		
Depreciation expense	132,068	92,867
Amortization expense	1,148,316	1,104,690
(Increase) decrease in:		
Grants receivable - federal and state	(686,835)	(323,575)
Grants receivable - other	-	450,000
Due from related party	-	15,364
Inventory	28,127	-
Prepaid expenses	(101,642)	61,350
Deposits	-	(3,250)
Increase (decrease) in:		
Accounts payable	24,185	(287,637)
Accrued expenses	111,090	99,859
Due to related party	(9,816)	(192,059)
Operating lease liability	(1,231,320)	(710,419)
Other liabilities	<u>10,639</u>	<u>5,641</u>
Net cash from operating activities	<u>(95,090)</u>	<u>413,307</u>
<b><u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u></b>		
Purchases of property and equipment	<u>(416,691)</u>	<u>(105,178)</u>
Net cash (used for) investing activities	<u>(416,691)</u>	<u>(105,178)</u>
<b><u>CASH FLOWS (USED FOR) FINANCING ACTIVITIES:</u></b>		
Proceeds from note payable to related party	<u>1,175,000</u>	<u>-</u>
Net cash from financing activities	<u>1,175,000</u>	<u>-</u>
Net increase in cash and cash equivalents	663,219	308,129
Cash and cash equivalents, beginning of year	<u>562,850</u>	<u>254,721</u>
Cash and cash equivalents, end of year	<u>\$ 1,226,069</u>	<u>\$ 562,850</u>
<b><u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</u></b>		
Non-cash investing activities:		
Acquisitions obtained through operating leases	<u>\$ -</u>	<u>\$ 7,074,711</u>

**GREAT HEARTS LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Great Hearts Louisiana, Inc. (GHLA) is a Louisiana nonprofit corporation established in the state of Louisiana. GHLA is a subsidiary of Great Hearts America (Great Hearts), an Arizona nonprofit 501(c)(3) corporation. GHLA is a tuition-free charter public school in Baton Rouge, Louisiana that will enable students to: (1) acquire critical reasoning and communication skills; and (2) explore the cultural and scientific achievements at the heart of the liberal arts and sciences. GHLA promotes a curriculum emphasizing personal integrity, creative imagination, community service, and a lifelong quest for learning. GHLA will not deny admission based on ethnicity, national origin, gender, income level, disability, religion, academic ability, artistic ability, athletic ability or the public school district that the child would otherwise attend under Louisiana law, or any other factors prohibited by law. On November 9, 2021, the Louisiana Board of Elementary and Secondary Education (BESE) approved the charter of GHLA to operate a Type 1 charter school. The current charter expires August 7, 2027. GHLA commenced operations in July 2023.

**Basis of Accounting and Financial Reporting Framework**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Financial Accounting Standard Board (FASB).

**Basis of Presentation**

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, GHLA is required to report information regarding its financial position and activities according to two classes of net assets:

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 GHLA. GHLA's board may designate assets without restrictions for specific operational purposes from time to time.

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 GHLA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**GREAT HEARTS LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2025 AND 2024**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, GHLA considers all demand deposits and highly liquid investments with a maturity of three months or less to be cash equivalents.

**Receivables**

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for credit loss and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2025 and 2024, no allowance has been recorded as management considers all receivables to be fully collectible.

**Property and Equipment**

Property and equipment are capitalized at cost and updated for additions and retirements during the year. GHLA maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Computers and software	3 years
Textbooks	3 years

**GREAT HEARTS LOUISIANA, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025 AND 2024

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. GHLA reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when GHLA has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by GHLA, or when otherwise earned under the terms of the grants.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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

**Leases**

GHLA applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. GHLA defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that GHLA will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

GHLA also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether GHLA can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

**GREAT HEARTS LOUISIANA, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025 AND 2024

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

GHLA is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If the lease does not provide an implicit rate, GHLA uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

**Functional Expenses**

Directly identifiable expenses are charged to program services, management and general, and fundraising. The costs of providing the various programs and other activities of GHLA have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. The financial statements of GHLA report certain categories of expenses that are attributable to more than one program or supporting function, such as salaries and related payroll expenses, other purchased professional services, etc. These expenses are allocated based on actual time and effort on the basis of payroll.

**Income Tax Status**

GHLA has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2025, GHLA believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2022 and later remain subject to examination by the taxing authorities.

**Date of Management Review**

Subsequent events have been evaluated through December 22, 2025, which is the date the financial statements were available to be issued.

**GREAT HEARTS LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2025 AND 2024

**(2) LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

GHLA maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as GHLA's expenditures come due. Total amount of financial assets at year end 2025 and 2024 are \$1,061,479 and \$886,425, respectively.

	2025	2024
Financial assets	\$ 2,236,479	\$ 886,425
Less those unavailable for general expenditure within one year	(1,175,000)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,061,479	\$ 886,425

GHLA's objective is to maintain liquid assets without donor restrictions sufficient to cover 60 days of program expenditures. GHLA regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources the GHLA has available. In addition, the GHLA operates with a budget to monitor sources and uses of funds throughout the year

**(3) GRANTS RECEIVABLES**

Grants receivable at June 30, 2025 and 2024 consist of the following:

	2025	2024
Due from State of Louisiana	\$ 495,224	\$ 323,575
EBRPSS	515,186	-
	\$ 1,010,410	\$ 323,575

**(4) PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30th:

	2025	2024
Computers and software	\$ 308,934	\$ 193,990
Furniture and equipment	270,973	-
Textbooks	212,099	181,325
	792,006	375,315
Less: accumulated depreciation	(224,935)	(92,867)
Total property and equipment, net	\$ 567,071	\$ 282,448

**GREAT HEARTS LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2025 AND 2024

**(4) PROPERTY AND EQUIPMENT (CONTINUED)**

Depreciation expense for the years ended June 30, 2025 and 2024 was \$132,068 and \$92,867 respectively.

**(5) NOTE PAYABLE TO RELATED PARTY**

As of June 30, 2025, GHLA had an outstanding unsecured promissory note payable to Great Hearts Foundation in the principal amount of \$1,175,000. The note bears no stated interest and is due in full on September 30, 2025. The affiliated nonprofit is considered a related party due to its shared governance and operational relationship with GHLA. The note was issued to provide working capital to support GLHA's operational needs.

Subsequent to year end, \$500,000 of the outstanding balance was repaid in July 2025, and the remaining balance of \$675,000 was repaid in August 2025, prior to the note's maturity date.

In accordance with the guidance under FASB ASC 835-30-45, the GHLA evaluated the note for potential recognition of imputed interest. Due to the short-term maturity and the immaterial impact on the financial statements, the GHLA did not record any imputed interest related to this arrangement.

**(6) NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2025 and 2024:

	2025	2024
Athletics	\$ 10,000	\$ -
	\$ 10,000	\$ -

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30<sup>th</sup>:

	2025	2024
Facilities grant	\$ -	\$ 500,000
Purchase of sport equipment	-	2,500
	\$ -	\$ 502,500

**GREAT HEARTS LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2025 AND 2024

**(7) CONCENTRATION OF CREDIT RISK**

GHLA maintains cash in bank accounts in excess of insured limits periodically. GHLA has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. There were no uninsured deposits at June 30, 2025. At the fiscal year end 2024, there were uninsured deposits in the amount of \$311,923.

**(8) LEASE COMMITMENTS**

GHLA entered into a lease for the school campus building under a five (5) year lease agreement with Great Hearts Properties Louisiana, Inc. commencing on July 15, 2023. Effective July 2022, an amendment to the lease was agreed to define terms for special covenants. Lease payments are paid monthly in amounts ranging from \$83,762 to \$123,535. The payment schedule is only for the first five (5) years of the lease as the related note payable is expected to be refinanced at that time and future lease payments are currently undeterminable.

Additional information about Great Heart's leases is as follows for the years ending June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 1,482,417	\$ 1,005,141
Cash paid for amounts in lease liabilities	\$ 1,482,417	\$ 1,005,141
Operating cash flows from operating leases	1,231,320	710,419
Right-of-use assets obtained in exchange for new operating lease liabilities	-	7,074,711
Weighted-average remaining lease term-operating leases	3.75 years	4.75 years
Weighted-average discount rate non-operating leases	4.42%	4.42%

The maturities of lease liabilities as of June 30, 2025, are as follows:

2026	\$ 1,482,417
2027	1,482,417
2028	1,482,417
2029	<u>1,482,417</u>
Total lease payments	5,929,668
Less: interest	<u>(796,696)</u>
	<u>\$ 5,132,972</u>

**GREAT HEARTS LOUISIANA, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025 AND 2024

**(9) ECONOMIC DEPENDENCY**

GHLA receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2025 and 2024 totaled \$7,847,557 and \$4,062,045, respectively. Other state and local funding for the year ended June 30, 2025 totaled \$173,152. No other state and local funding for the year ended 2024 was received. Funding received from various federal grants passed through the State of Louisiana totaled \$1,117,766 and \$126,859 for the years ended June 30, 2025 and 2024, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds GHLA receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds GHLA will receive in fiscal year 2026 relating to its grant awards.

**(10) GRANT PROGRAM CONTINGENCIES**

GHLA participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that GHLA has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2025 and 2024 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and GHLA.

**(11) RELATED PARTY TRANSACTIONS**

Great Hearts is the sole member of GHLA; therefore, Great Hearts is a related party. GHLA has a contract for certain management and administrative services which is based on 2.5% percent of funding provided by local and state governments. For the year ended June 30, 2025 and 2024, \$196,119 and \$101,551, respectively, was incurred for management and administrative services. As of June 30, 2025, GHLA had no amounts payable to Great Hearts. For fiscal year end 2024, GHLA had \$32,785 payable to Great Hearts. Total contributions of \$100,000 and \$1,171,578 was received by GHLA from Great Hearts during the year ended June 30, 2025, and 2024, respectively.

See Note 5 for description of note payable with Great Hearts Foundation.

**(12) RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on net assets.

**SUPPLEMENTARY INFORMATION**

**GREAT HEARTS LOUISIANA, INC.**  
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2025

		James Helier, CEO Great Hearts Academies
		07/01/24
Time served		through
		06/30/25
Salary	\$	433,500
Benefits - insurance		3,737
Benefits - retirement		4,337
Benefits - other		767
Total compensation, benefits, and other payments	\$	442,341

**OTHER REPORTING REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***



**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 and Management of  
Great Hearts Louisiana, Inc.  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Great Hearts Louisiana, Inc. (a non-profit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Great Hearts Louisiana, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Great Hearts Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Great Hearts Louisiana, Inc.'s internal control.

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

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



To the Board of Directors and Management  
Great Hearts Louisiana, Inc.  
Baton Rouge, Louisiana

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Great Hearts Louisiana, Inc. financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2025-001.

### **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 Great Hearts Louisiana, Inc. internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Hearts Louisiana, Inc. internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 22, 2025  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**SINGLE AUDIT SECTION**



**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 of  
Great Hearts Louisiana, Inc.  
Baton Rouge, Louisiana

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

***Opinion on Each Major Federal Program***

We have audited Great Hearts Louisiana, Inc. 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 Great Hearts Louisiana, Inc. major federal programs for the year ended June 30, 2025. Great Hearts Louisiana, Inc. major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Great Hearts Louisiana 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, 2025.

***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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Great Hearts Louisiana 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 Great Hearts Louisiana, Inc. compliance with the compliance requirements referred to above.



To the Board of Directors of  
Great Hearts Louisiana, Inc.  
Baton Rouge, Louisiana

### ***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 Great Hearts Louisiana, Inc. federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Great Hearts Louisiana, Inc. 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 Great Hearts Louisiana, Inc. 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 Great Hearts Louisiana, Inc. compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Great Hearts Louisiana, Inc. 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 orris Jeff Community School's internal control over compliance. Accordingly, no such opinion is expressed.



**ERICKSEN KRENTEL**<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of  
Great Hearts Louisiana, Inc.  
Baton Rouge, Louisiana

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 22, 2025  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**GREAT HEARTS LOUISIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<b><u>U.S. Department of Education</u></b>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010A	\$ 48,732
Supporting Effective Instruction State Grants	84.367A	5,803
Student Support and Academic Enrichment Program	84.424A	4,400
Education for Homeless Children and Youth	84.196A	310
Charter Schools	84.282A	<u>718,355</u>
Total U.S. Department of Education		<u>777,600</u>
<b><u>U.S. Department of Agriculture</u></b>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
National School Lunch Program	10.555	<u>261,693</u>
Total Child Nutrition Cluster		<u>261,693</u>
Total U.S. Department of Agriculture		<u>261,693</u>
Total expenditures of federal awards		<u>\$ 1,039,293</u>

(See Independent Auditors' Report)

**GREAT HEARTS LOUISIANA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**(1) BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Great Hearts Louisiana under programs of the federal government for the year ended June 30, 2025. The information in the 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 Great Hearts Louisiana, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Great Hearts Louisiana.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Expense Recognition**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Payments to Subrecipients**

There were no payments to subrecipients for the fiscal year ended June 30, 2025.

**(3) INDIRECT COST RATE**

Great Hearts Louisiana has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**GREAT HEARTS LOUISIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**I. SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Great Hearts Louisiana, Inc.
2. No significant deficiencies or material weakness in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Great Hearts Louisiana, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs was the Charter Schools Program No. 84.282A.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Great Hearts Louisiana, Inc. was not determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2025.

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

**Compliance Findings**

Finding 2025-001 Failure to Comply with Local Government Budget Act Regarding Requirement to Amend the Budget If Greater Than 5% Unfavorable Variance in Total Revenues or Expenditures

Condition: Actual expenditures exceeded the legally adopted budget by more than five percent (5%) during the fiscal year, primarily due to expenditures related to the federal CSP grant. No formal budget amendment was adopted in an open meeting.

**GREAT HEARTS LOUISIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Criteria: R.S. 39:1311(A)(2) requires notification when expenditures exceed budget by 5% or more, and R.S. 39:1310 requires adoption of a budget amendment in an open meeting. Bulletin 126 and LLA guidance require charter schools to comply with the Louisiana Local Government Budget Act.

Effect: Great Heats Louisiana is not in compliance with Louisiana Revised Statute 39:1310.

Cause: Management believed board approval of the CSP grant award constituted a budget amendment and that no separate amendment was required.

Recommendation: Management should monitor budget variances and formally adopt budget amendments in open meetings when required, including for federal grant expenditures.

View of Responsible Officials: Management agrees with the finding and will implement corrective procedures.

**III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

There were no findings related to major federal awards programs for the year ended June 30, 2025.

**GREAT HEARTS LOUISIANA, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

There were no findings related to the internal control and compliance material to the financial statements for the year ended June 30, 2024.

**II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS**

Great Hearts Louisiana did not meet the threshold for a Single Audit under Uniform Guidance for the year ended June 30, 2024. Accordingly, no audit was performed over federal awards, and therefore there were no findings or questioned costs to report.

**III. MANAGEMENT LETTER**

There was no management letter for the year ended June 30, 2024.

**GREAT HEARTS LOUISIANA, INC.**  
**CORRECTIVE ACTION PLAN - FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

December 22, 2025

Louisiana Legislative Auditor

Great Hearts Louisiana, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
8550 United Plaza Boulevard, Suite 600  
Baton Rouge, Louisiana 70809

Engagement Period: July 1, 2024 – June 30, 2025

The findings from the June 30, 2025 schedule of findings and questioned costs are discussed below.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**Compliance**

**Finding 2025-001 Failure to Comply with Local Government Budget Act**

**Recommendation:** Management will formalize procedures to monitor budget-to-actual results and ensure required budget amendments are adopted in accordance with state law.

**Views of Responsible Officials:**

Management has reviewed, updated, and implemented the budget-to-actuals reporting and forecasting reporting to ensure the budget act requirements are identified and met.

Sincerely,

  
\_\_\_\_\_  
Signature

Chief Financial Officer  
\_\_\_\_\_  
Title

**SCHEDULES REQUIRED BY STATE LAW  
(PERFORMANCE STATISTICAL DATA)**



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management of  
Great Hearts Louisiana, Inc.  
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Great Hearts Louisiana, Inc. for the fiscal year ended June 30, 2025; 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 Great Hearts Louisiana, Inc. is responsible for its performance and statistical data.

Great Hearts Louisiana, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and 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 for each of the following amounts reported on the schedule:
  - a. Total General Fund Instructional Expenditures,
  - b. Total General Fund Equipment Expenditures,
  - c. Total Local Taxation Revenue,
  - d. Total Local Earnings on Investment in Real Property,
  - e. Total State Revenue in Lieu of Taxes,
  - f. Nonpublic Textbook Revenue,
  - g. Nonpublic Transportation Revenue.

**Results:** No exceptions noted.



To the Board of Directors and Management of  
Great Hearts Louisiana, Inc.

Class Size Characteristics (Schedule 2)

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

**Results:** No exceptions noted.

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

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

**Results:** Four employees' education levels did not agree between the PEP report and the personnel file.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30<sup>th</sup> 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).

**Results:** No exceptions noted.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of  
Great Hearts Louisiana, Inc.

We were engaged by Great Hearts Louisiana, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review 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 Great Hearts Louisiana, Inc. 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 and results of testing performed on the performance and statistical data accompanying the annual financial statements of Great Hearts Louisiana, Inc., as required by Louisiana Revised Statute 24:514.I, and for the information and use of Great Hearts Louisiana, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 22, 2025  
Baton Rouge, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**GREAT HEARTS LOUISIANA, INC.**  
**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND**  
**CERTAIN LOCAL REVENUE SOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES**

	Column A	Column B
General Fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 2,194,763	
Other instructional staff salaries	671,476	
Instructional staff employee benefits	602,195	
Purchased professional and technical services	15,369	
Instructional materials and supplies	158,936	
Instructional equipment	-	
Total teacher and students interaction activities		\$ 3,642,739
Other instructional activities		45,537
Pupil support services	369,280	
Less: equipment for pupil support services	-	
Net pupil support services		369,280
Instructional staff services	2,473	
Less: equipment for instructional staff services	-	
Net instructional staff services		2,473
School administration	924,636	
Less: equipment for school administration	-	
Net school administration		924,636
Total General Fund instructional expenditures (total of column B)		\$ 4,984,665
Total General Fund equipment expenditures		\$ -
<b><u>CERTAIN LOCAL REVENUE SOURCES</u></b>		
Total local taxation revenue		\$ -
Total local earnings on investment in real property		\$ -
Total state revenue in lieu of taxes		\$ -
Nonpublic textbook revenue		\$ -
Nonpublic transportation revenue		\$ -

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

**GREAT HEARTS LOUISIANA, INC.**  
**CLASS SIZE CHARACTERISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
AS OF OCTOBER 1, 2024

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
<b>SCHOOL TYPE:</b>	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	33%	63	64%	123	4%	7		
Elementary/Activity Classes	26%	8	71%	22	3%	1		
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

**GREAT HEARTS LOUISIANA, INC.**  
CORRECTIVE ACTION PLAN – BESE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2025

December 22, 2025

Louisiana Legislative Auditor

Great Hearts Louisiana, Inc. respectfully submits the following corrective action plan for items identified pursuant to the BESE Agreed-Upon Procedures Engagement prescribed by you and the Louisiana Department of Education.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
8550 United Plaza Boulevard, Suite 600  
Baton Rouge, Louisiana 70809

Engagement Period: July 1, 2024 – June 30, 2025

The exceptions from the Agreed-Upon Procedures Report are discussed below:

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

**Exceptions:** Four employees' education levels did not agree between the PEP report and the personnel file.

**Management's Response to Exceptions:**

Management will remediate exceptions identified by the audit. Management will undergo additional training and the reporting will be reviewed to determine what additional internal controls may be placed within the reporting framework to further reduce and/or eliminate future reporting discrepancies.

If there are any questions regarding this plan, please call Holly Manuel, Senior Finance Manager, at (225) 416-7611.

Sincerely,

  
\_\_\_\_\_  
Signature

Chief Financial Officer  
\_\_\_\_\_  
Title

**GREAT HEARTS LOUISIANA, INC.**

**BATON ROUGE, LOUISIANA**

**AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED**

**JUNE 30, 2025**



**ERICKSEN KRENTEL**<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board and Management of Great Hearts Louisiana Inc. and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2025. Great Hearts Louisiana Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Great Hearts Louisiana Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended June 30, 2025. 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.

Our procedures and associated findings are detailed in Schedule "1".

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

We are required to be independent of Great Hearts Louisiana Inc. 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.

December 22, 2025  
Baton Rouge, Louisiana

Certified Public Accountants

**GREAT HEARTS LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**WRITTEN POLICIES AND PROCEDURES**

1. 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:
  - a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - c. ***Disbursements***, including processing, reviewing, and approving.
  - d. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e. ***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.
  - f. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - h. ***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).
  - i. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

**GREAT HEARTS LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES (COUNTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

**Results:** No exceptions were found as a result of applying the procedures.

**BANK RECONCILIATIONS**

- 2. 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. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b. Bank reconciliations 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
  - c. 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.

**Results:** For both bank accounts, the bank reconciliations did not contain evidence that they were reviewed by an appropriate individual within the applicable one-month timeframe.

**COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)**

- 3. 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).

**GREAT HEARTS LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES (COUNTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

4. 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. Employees responsible for cash collections do not share cash drawers/registers;
  - b. 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;
  - c. 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
  - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
5. 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.
6. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #2 (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
  - a. Observe that receipts are sequentially pre-numbered.
  - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c. Trace the deposit slip total to the actual deposit per the bank statement.
  - d. 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

**GREAT HEARTS LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES (COUNTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

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

**Results:** No exceptions were found as a result of applying the procedures.

**CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**

7. 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.
8. 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
  - a. 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
  - b. Observe that finance charges and late fees were not assessed on the selected statements.
9. Using the monthly statements or combined statements selected under procedure #8 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.

**Results:** Two of five cards had no evidence of review and approval. Great Hearts maintained no data or supporting documentation for two of five of their cards. Great Hearts also did not maintain records for meal participants for meal transactions.

**GREAT HEARTS LOUISIANA, INC.**  
CORRECTIVE ACTION PLAN –  
STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2025

December 22, 2025

Louisiana Legislative Auditor

Great Hearts Louisiana, Inc. respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
8550 United Plaza Boulevard, Suite 600  
Baton Rouge, Louisiana 70809

Engagement Period: July 1, 2024 – June 30, 2025

The exceptions from the statewide agreed-upon procedures report are discussed below:

**Bank Reconciliations**

**Exceptions:** For both bank accounts, the bank reconciliations did not contain evidence that they were reviewed by an appropriate individual within the applicable one-month timeframe.

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

**Exceptions:** Two of five cards had no evidence of review and approval. Great Hearts maintained no data or supporting documentation for two of five cards. Great Hearts also did not maintain records for meal participants for meal transactions.

**Management's Response to Exceptions:**

Management leverages a bank reconciliation program which systematically identifies the bank reconciliation date upon completion. During the process of implementing an automated reconciliation feature within the system, the feature was not functioning as expected and created issues where signoff dates were having to be re-entered after the fact. The system only recognized the “after-the-fact” sign off dates where the feature did not sign off on specific accounts. The issue is being reported to the vendor and the use of the feature was discontinued during the fiscal year.

Management implemented a new purchase card vendor in FY24-25 to support teaching staff in establishing their respective classrooms at the beginning of the school year. Due to the system implementation parameters, the review and approval process was not implemented timely. Management has no reason to believe that fraudulent activity occurred as a result of the system parameters. Upon identifying this issue and further issues with staff not providing adequate

**GREAT HEARTS LOUISIANA, INC.**  
CORRECTIVE ACTION PLAN –  
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025

documentation timely, including identifying meal participants, the determination was made that all pre-paid card options were to removed as a purchase option for the School.

If there are any questions regarding this plan, please call Holly Manuel, Senior Finance Manager, at (225) 416-7611.

Sincerely,

Matthew Bushard

Signature

Chief Financial Officer

Title