

**LAKE FOREST ELEMENTARY
CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2019



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Independent Auditor's Report

To the Board of Directors
Lake Forest Elementary Charter School
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Forest Elementary Charter School (the School) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Forest Elementary Charter School as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are presented for purposes of additional analysis and are 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Schedules 1 and 2 are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the School adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of the School'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 School'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 School's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
November 8, 2019

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Statement of Financial Position
 June 30, 2019**

Assets

Current Assets

Cash and Cash Equivalents	\$ 3,004,228
Prepaid Expenses	106,963
Grants Receivable	-
Other Receivables	<u>2,083</u>

Total Current Assets 3,113,274

Fixed Assets

Furniture and Equipment	46,827
Leasehold Improvements	960,585
Accumulated Depreciation	<u>(134,658)</u>

Total Fixed Assets, Net 872,754

Other Assets

Certificate of Deposit	<u>2,385,599</u>
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Total Assets \$ 6,371,627

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 69,790
Accrued Liabilities	55,878
Deferred Revenue	<u>21,912</u>

Total Current Liabilities 147,580

Net Assets

Without Donor Restrictions	6,209,047
With Donor Restrictions	<u>15,000</u>

Total Net Assets 6,224,047

Total Liabilities and Net Assets \$ 6,371,627

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

LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Grants, and Other Support			
State and Local Public School Funding	\$ 6,021,778	\$ -	\$ 6,021,778
Federal Grants	759,504	-	759,504
Other Income	500,366	-	500,366
Donations	74,313	39,380	113,693
State Grants	15,484	-	15,484
Net Assets Released from Restrictions	24,380	(24,380)	-
Total Revenue, Grants, and Other Support	7,395,825	15,000	7,410,825
Expenses			
Program Services			
Regular Education Programs	2,960,738	-	2,960,738
Special Education Programs	211,479	-	211,479
Special Programs	382,883	-	382,883
Other Instructional Programs	246,068	-	246,068
Pupil Support Services	371,592	-	371,592
Instructional Staff Services	441,392	-	441,392
School Administration	116,000	-	116,000
Operations and Maintenance	814,724	-	814,724
Student Transportation	3,080	-	3,080
Food Service Operations	286,914	-	286,914
Depreciation	48,904	-	48,904
Facilities Acquisition	600	-	600
Management and General			
School Administration	531,275	-	531,275
General Administration	165,141	-	165,141
Business Services	638,772	-	638,772
Fundraising	85,813	-	85,813
Total Expenses	7,305,375	-	7,305,375
Change in Net Assets	90,450	15,000	105,450
Net Assets, Beginning of Year	6,118,597	-	6,118,597
Net Assets, End of Year	\$ 6,209,047	\$ 15,000	\$ 6,224,047

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Functional Expenses
For the Year Ended June 30, 2019**

	Education Programs Program Services	Supporting Services Management and General	Supporting Services Fundraising	Total
Salaries	\$ 3,518,349	\$ 490,514	\$ -	\$ 4,008,863
Employee Benefits	1,237,015	280,441	-	1,517,456
Purchased Services	61,790	327,350	-	389,140
Supplies, Materials, and Textbooks	289,095	20,027	-	309,122
Food Services	286,914	-	-	286,914
Miscellaneous and Dues	180,785	24,149	-	204,934
Utilities	148,098	-	-	148,098
Administration Fee	-	109,791	-	109,791
Fundraising	-	-	85,813	85,813
Repairs	47,493	10,612	-	58,105
Insurance	-	55,065	-	55,065
Depreciation	48,904	-	-	48,904
Security	41,782	-	-	41,782
Equipment	-	17,239	-	17,239
Phone, Internet, and Postage	13,122	-	-	13,122
Property Services	7,947	-	-	7,947
Student Transportation	3,080	-	-	3,080
Total	\$ 5,884,374	\$ 1,335,188	\$ 85,813	\$ 7,305,375

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2019**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 105,450
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	48,904
Decrease in Grants Receivable	32,064
Decrease in Other Receivables	18,220
Increase in Prepaid Expenses	(59,424)
Decrease in Accounts Payable	(109,432)
Decrease in Accrued Liabilities	(23,708)
Decrease in Deferred Revenue	<u>(34,086)</u>
Total Adjustments	<u>(127,462)</u>
Net Cash Used in Operating Activities	<u>(22,012)</u>
Cash Flows from Investing Activities	
Purchase of Fixed Assets	(132,276)
Purchase of Certificates of Deposit	<u>(46,776)</u>
Net Cash Used in Investing Activities	<u>(179,052)</u>
Net Decrease in Cash and Cash Equivalents	(201,064)
Cash and Cash Equivalents, Beginning of Year	<u>3,205,292</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,004,228</u>

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Lake Forest Elementary Charter School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on March 14, 2006. The School applied to the Orleans Parish School Board (OPSB) to operate a Type 3 charter school. In July 2011, the School received a 10-year extension of the charter. The School serves eligible students in kindergarten through eighth grade.

The School leases its building rent free from the OPSB. The Orleans Parish School Board constructed a new building to which the School relocated in January 2016.

Effective July 1, 2017, the Orleans Parish School Board approved the School's request to operate as its own local educational agency.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. The School is required to record unconditional promises to give (pledges) as receivables and revenues and to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to two classes of net assets:

- a. Net Assets Without Donor Restrictions
- b. Net Assets With Donor Restrictions

In addition, the School is required to present a statement of cash flows.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Revenues

The School's primary source of funding is through the State Public School Funding. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues (Continued)

Grants and contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions.

Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Income Taxes

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

Net Assets

The School is required to report information regarding its financial position and activities according to two classes of net assets, which are the following:

Net Assets Without Donor Restrictions - Net assets that are resources available to support operations.

Net Assets With Donor Restrictions - Net assets that are resources that are restricted by the donor for use for a particular purpose or in a particular future period. When the donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

Statement of Cash Flows

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Concentrations

The School received 81% of its revenues in the year ended June 30, 2019 from the state and local public school funding and 10% of its funding from the federal government.

As noted earlier, the School is leasing its building from the OPSB rent free. Should this lease not be extended further, it would have an unfavorable impact to the School.

Recent Accounting Pronouncements - Not Yet Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled when products are transferred to customers. ASU 2014-09 is effective for nonpublic organizations for annual reporting periods beginning after December 15, 2018, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Management is currently evaluating the impact of adopting this new guidance on its financial statements and does not expect the impact to be significant.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2019. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

Recent Accounting Pronouncements - Adopted

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which resulted in no reclassification of net assets.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Liquidity and Availability

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

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

Cash and Cash Equivalents	\$ 3,004,228
Other Receivables	<u>2,083</u>
Total	<u>\$ 3,006,311</u>

Note 2. Cash and Certificate of Deposit

The School's cash and cash equivalents (book balances) at June 30, 2019 were \$3,004,228, which are stated at cost and approximate market.

The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

The School's investments are limited to a certificate of deposit totaling \$2,385,599, which is stated at cost and approximates market.

Note 3. Fixed Assets

Depreciation expense for the year ended June 30, 2019 was \$48,904. Depreciation is calculated using the straight-line method with useful lives of 5 to 30 years.

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 4. Accrued Liabilities

As of June 30, 2019, the School has recorded accrued liabilities of \$55,878, which consists of accrued salaries and payroll liabilities.

Note 5. Designated Net Assets

At June 30, 2019, \$525,564 of unrestricted net assets represents funds raised by the Parent Teacher Organization which are designated to support the operations of the School.

Note 6. Restriction on Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. At June 30, 2019, the School had \$15,000 in net assets with donor restrictions.

Note 7. Retirement Plan

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana. The system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows.

Teachers' Retirement System of Louisiana (TRSL)

Plan Description: The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123. At June 30, 2018, the TRSL was 68.2% funded.

Funding Policy: Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2019, the employer contribution rate was 26.7%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's employer contributions to the plan for the years ended June 30, 2019, 2018, and 2017 were \$1,018,507, \$1,005,807, and \$898,946, respectively, which were equal to the required contributions. The School's first year to contribute to the plan was the year ended June 30, 2007.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 7. Retirement Plan (Continued)

403b Plan

The School provides a 403b defined contribution plan for its maintenance employees. The School provides a 4% match of employee contributions which totaled \$14,250 for the year ended June 30, 2019.

Note 8. Uncertain Income Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The School believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 9. Subsequent Events

In accordance with ASC 855, the School has evaluated subsequent events through November 8, 2019, the date that these financial statements were available to be issued, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Lake Forest Elementary Charter School
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Lake Forest Elementary Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2019, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.1. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

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 random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Findings:

None.

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 random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None.

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 property classified on the PEP data (or equivalent listing prepared by management).

Findings:

None.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Findings:

None.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Lake Forest Elementary Charter School, as required by Louisiana Revised Statute 24:514.1, 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 8, 2019

LAKE FOREST ELEMENTARY CHARTER SCHOOL
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2019

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. This data is currently reported to the Legislature in the Annual School Report (ASR).

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2019**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 1,842,566	
Other Instructional Staff Salaries	167,734	
Instructional Staff Employee Benefits	917,343	
Purchased Professional and Technical Services	-	
Instructional Materials and Supplies	237,740	
Instructional Equipment	17,239	
	<hr/>	
Total Teacher and Student Interaction Activities		\$ 3,182,622
Other Instructional Activities		8,342
Pupil Support Services	371,908	
Less: Equipment for Pupil Support Services	-	
	<hr/>	
Net Pupil Support Services		371,908
Instructional Staff Services	408,896	
Less: Equipment for Instructional Staff Services	-	
	<hr/>	
Net Instructional Staff Services		408,896
School Administration	647,275	
Less: Equipment for School Administration	5	
	<hr/>	
Net School Administration		647,280
		<hr/>
Total General Fund Instructional Expenditures		\$ 4,619,048
		<hr/>
Total General Fund Equipment Expenditures		\$ 17,234

Certain Local Revenue Sources

Local Taxation Revenue		
Constitutional Ad Valorem Taxes	\$ -	
Renewable Ad Valorem Tax	-	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes	-	
Other than School Taxes	-	
Sales and Use Taxes	-	
	<hr/>	
Total Local Taxation Revenue		\$ -
		<hr/>
Local Earnings on Investment in Real Property		
Earnings from 16 th Section Property	\$ -	
Earnings from Other Real Property	-	
	<hr/>	
Total Local Earnings on Investment in Real Property		\$ -
		<hr/>
State Revenue in Lieu of Taxes		
Revenue Sharing - Constitutional Tax	\$ -	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
	<hr/>	
Total State Revenue in Lieu of Taxes		\$ -
		<hr/>
Nonpublic Textbook Revenue	\$ -	
Nonpublic Transportation Revenue	-	
	<hr/>	

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

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Class Size Characteristics
 As of October 1, 2018

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	63%	20	37%	12	0%	0		

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

SUPPLEMENTARY INFORMATION

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2019**

<u>Board Members</u>	<u>Compensation</u>
Gina Dupart, President 6652 Manchester Road New Orleans, LA 70126	\$-0-
G. Lee Caston 22124 Nolan Road Covington, LA 70435	\$-0-
Leila Eames 5820 Eastover Drive South New Orleans, LA 70128	\$-0-
Denise Williams 2342 Prentiss Avenue New Orleans, LA 70122	\$-0-
Windi Brown Smith 5629 Berkley Drive New Orleans, LA 70131	\$-0-
Brian K. Richburg, Sr. 7710 Wave Drive New Orleans, LA 70128	\$-0-
Enix Smith, III 7009 Lake Willow Drive New Orleans, LA 70126	\$-0-

See independent auditor's report

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Schedule of Compensation, Benefits, and Other Payments to
 Agency Head or Chief Executive Officer
 For the Year Ended June 30, 2019**

Agency Head
 Mardele S. Early, Founding Chief Executive Officer

Purpose	Amount
Salary	\$200,000
Benefits - Health Insurance	\$5,882
Benefits - Retirement	\$53,400
Benefits - Life Insurance	\$599
Benefits - Worker's Compensation	\$1,200
Benefits - Dental	\$265
Benefits - Vision	\$68
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report

**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**

Independent Auditor's Report

To the Board of Directors
Lake Forest Elementary Charter School
New Orleans, Louisiana

We have audited, 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, the financial statements of Lake Forest Elementary Charter School (the School), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 8, 2019

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

Independent Auditor's Report

To the Board of Directors
Lake Forest Elementary Charter School
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Lake Forest Elementary Charter School's (the School) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Programs

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
November 8, 2019

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Expenditures
United States Department of Education		
(Passed through the Orleans Parish School Board)		
Title I Grants to Local Educational Agencies (Major Program)	84.010	\$ 367,386
Special Education - Grants to States	84.027	108,248
English Language Acquisition Grant	84.365	24,250
Improving Teacher Quality State Grants	84.367	<u>31,977</u>
Total United States Department of Education		531,861
United States Department of Agriculture		
(Passed through the State of Louisiana)		
Child Nutrition Cluster	10.555	<u>227,643</u>
Total		<u>\$ 759,504</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - The schedule is prepared on the accrual basis of accounting.

Note 2 - The School has elected to not use the 10% de minimus indirect cost rate.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019**

Section I. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c) Noncompliance noted? | No |
| 3) Management letter comment provided? | None |

Federal Awards

- | | |
|---|---------------|
| 4) Internal control over major programs | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 5) Type of auditor's report issued on compliance for major programs | Unmodified |
| 6) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7) Identification of major programs | |
| 84.010 - Title I Grants to Local Educational Agencies | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9) Auditee qualified as a low-risk auditee under Uniform Guidance | No |

Section II. Internal Control Over Financial Reporting

None.

Section III. Findings and Questioned Costs Related to Major Federal Award Programs

None.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Prior Audit Findings
For the Year Ended June 30, 2019**

None.

AGREED-UPON PROCEDURES REPORT

Lake Forest Elementary Charter School

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2018 - June 30, 2019

To Lake Forest Elementary Charter School and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Lake Forest Elementary Charter School (the School) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2018 through June 30, 2019. The School's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.

Results: Written policies and procedures contain all of the required elements for items a to h. For item i), we noted that items (2) and (3) are not included in the policy. Note that item j is not applicable. For item k, (1) and (3) are not included in the policy.

Collections (excluding EFTs)

2. 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).
3. 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 (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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 that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: We observed that each of the job duties were properly segregated.

- 4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: We observed that employees with access to cash are covered by an insurance policy for theft.

- 5. Randomly select two deposit dates for 5 bank accounts (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). *Alternately, 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 location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: The School deposits its school lunch collections on a weekly basis. We performed items (a), (b), (c), and (e) without exception. We noted that 4 out of 6 collections tested were deposited after one day of collection.

Ethics

- 6. Randomly select 5 employees/officials, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: Results: We randomly selected five employees to obtain ethics documentation from management.

We noted evidence that each of the five employees completed one hour of ethics training during the fiscal period and that each employee signature verified that they read the School's policies which included the ethics policy.

This agreed-upon procedures engagement was performed 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 perform, and did not perform, an examination or review, 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.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 8, 2019



LAKE FOREST
CHARTER
2013 National Blue Ribbon School

Mardele S. Early
Founding
Chief Executive Officer

Robert M. Bell, IV
Principal

Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of Lake Forest Elementary Charter School wishes to provide the following responses relative to the results of the 2019 statewide agreed-upon procedures engagement:

1. Policies and Procedures – The School will amend its ethics policy to include items (2) and (3). The School will amend its disaster recovery/business continuity policy to include items (1) and (3).
2. Collections – The School will enact procedures stated in item (5)(d) requiring its collections to be deposited daily.

Sincerely,

Mardele Early
Founding Chief Executive Officer

11110 Lake Forest Boulevard,
New Orleans, Louisiana 70128 · (504) 826-7140 · Fax: (504) 248-7020

"The Promise of a Strong Academic Foundation for Life"