

FOUNDATION FOR LOUISIANA STUDENTS

FINANCIAL STATEMENTS

June 30, 2021 and 2020



UNIVERSITY VIEW ACADEMY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foundation for Louisiana Students
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Foundation for Louisiana Students (a nonprofit organization), d/b/a University View Academy (the "School"), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 University View Academy as of June 30, 2021 and 2020, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Foundation for Louisiana Students and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Foundation for Louisiana Students' ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Foundation for Louisiana Students' 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 Foundation for Louisiana Students' 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.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Summary of Compensation, Benefits and Other Payments to Agency Heads is presented for purposes of additional analysis of the financial statements rather than to present the financial position, results of operations, and cash flows of the School, 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 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 a report dated April 29, 2022 on our consideration of Foundation for Louisiana Students', internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Foundation for Louisiana Students' internal control over financial reporting and compliance.

Metairie, Louisiana
April 29, 2022



FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 7,528,825	\$ 3,203,796
Federal grants receivables	2,668,318	1,333,224
Prepaid expenses	176,211	166,277
Property and equipment, at cost less accumulated depreciation	11,308,481	11,637,827
Other assets	<u>21,041</u>	<u>21,041</u>
Total assets	<u><u>\$ 21,702,876</u></u>	<u><u>\$ 16,362,165</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 188,295	\$ 91,236
Accrued payroll and related liabilities	<u>1,459,164</u>	<u>2,503,650</u>
Total liabilities	<u>1,647,459</u>	<u>2,594,886</u>
NET ASSETS		
Without donor restrictions	<u>20,055,417</u>	<u>13,767,279</u>
Total net assets	<u>20,055,417</u>	<u>13,767,279</u>
Total liabilities and net assets	<u><u>\$ 21,702,876</u></u>	<u><u>\$ 16,362,165</u></u>

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021 and 2020

	2021	2020
Revenues and other support		
State and local pupil aid - Minimum Foundation Program	\$ 34,330,588	\$ 30,235,282
Federal sources	3,901,891	2,940,848
Other	32,833	21,768
	<u>38,265,312</u>	<u>33,197,898</u>
 Expenses		
Program services:		
Instructional	22,808,119	22,788,386
Supporting services:		
Management and general	<u>9,169,055</u>	<u>9,236,790</u>
Total expenses	<u>31,977,174</u>	<u>32,025,176</u>
 Change in net assets	6,288,138	1,172,722
 Net assets at beginning of year	<u>13,767,279</u>	<u>12,594,557</u>
 Net assets at end of year	<u>\$ 20,055,417</u>	<u>\$ 13,767,279</u>

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2021 and 2020

	2021		
	Program Services	Support Services	Total
	Instructional	Management and General	
Regular education programs	\$ 13,372,021	\$ -	\$ 13,372,021
Special education programs	1,835,331	-	1,835,331
Other instructional programs	778,451	-	778,451
Special programs	3,510,835	-	3,510,835
Pupil support services	3,311,481	1,803,821	5,115,302
General administrative	-	1,443,524	1,443,524
School administrative	-	1,229,968	1,229,968
Business services	-	647,073	647,073
Operations & maintenance of plant services	-	1,781,503	1,781,503
Central services	-	2,263,166	2,263,166
	\$ 22,808,119	\$ 9,169,055	\$ 31,977,174

	2020		
	Program Services	Support Services	Total
	Instructional	Management and General	
Regular education programs	\$ 14,834,523	\$ -	\$ 14,834,523
Special education programs	2,533,966	-	2,533,966
Other instructional programs	672,500	-	672,500
Special programs	2,274,272	-	2,274,272
Pupil support services	2,473,125	1,161,756	3,634,881
General administrative	-	1,569,106	1,569,106
School administrative	-	1,425,429	1,425,429
Business services	-	640,854	640,854
Operations & maintenance of plant services	-	2,116,692	2,116,692
Central services	-	2,322,953	2,322,953
	\$ 22,788,386	\$ 9,236,790	\$ 32,025,176

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 6,288,138	\$ 1,172,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	329,346	335,781
Gain on disposal of assets	-	(10,062)
(Increase) decrease in operating assets:		
Federal grant receivables	(1,335,094)	(1,027,534)
Prepaid expenses	(9,934)	(153,727)
Other assets	-	(13,722)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	97,059	(236,372)
Accrued payroll and related liabilities	(1,044,486)	858,046
Net cash provided by operating activities	<u>4,325,029</u>	<u>925,132</u>
Cash flows from investing activities:		
Proceeds from disposal of assets	-	453,233
Net cash provided by investing activities	<u>-</u>	<u>453,233</u>
Net increase	4,325,029	1,378,365
Cash and cash equivalents at beginning of year	<u>3,203,796</u>	<u>1,825,431</u>
Cash and cash equivalents at end of year	<u><u>\$ 7,528,825</u></u>	<u><u>\$ 3,203,796</u></u>

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

1) Summary of significant accounting policies

a) Organization

Foundation for Louisiana Students d/b/a University View Academy (the "School") is a not-for-profit corporation established in the State of Louisiana to operate a charter school, to leverage technology to help each participating student maximize his or her potential and meet the highest performance standards using a uniquely individualized learning program that combines the best in virtual education with unique technology-based teacher productivity tools and very real connections among students, family, teachers, and the community. The Board of Elementary and Secondary Education (BESE) granted a charter to the School to operate as a Type 2 Charter School. As of December 15, 2021, BESE approved a subsequent renewal of the charter contract for a term of three years. The School provides educational services to students in kindergarten through twelfth grades throughout Louisiana, and is funded primarily through state and local pupil aid assistance.

b) Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when earned and expenses at the time liabilities are incurred.

c) Basis of presentation

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

d) Cash and cash equivalents

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2020 and 2019, there were no restricted cash balances.

e) Property and equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to forty years. The School's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. The School's management

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

1) Summary of significant accounting policies (continued)

e) Property and equipment (continued)

periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

All assets acquired with public funds are the property of the School for the duration of the charter. If the charter is revoked or surrendered, or the School otherwise ceases to operate, all assets purchased with public funds will automatically revert to full ownership by BESE or the appropriate agency.

f) State and Federal funding

The School receives all of its support from the Louisiana State Department of Education and the United States Department of Education. State and Federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred. As of June 30, 2021 and 2020, grants receivables totaled \$2,668,318 and \$1,333,224, respectively, which was a receivable for federal grants passed through the Louisiana Department of Education. The balance is considered fully collectible.

g) Recognition of donor restricted contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Restricted net assets whose restrictions are met in the same reporting period are reported as unrestricted net assets.

h) 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. Actual results could differ from those estimates.

i) Income tax status

The School has received a tax-exempt ruling under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal taxes unless the School 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. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2021, management of the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. With few exceptions, the School is not subject to U.S. federal and state income tax examinations by tax authorities beyond three years from the filing of those returns.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

1) Summary of significant accounting policies (continued)

j) Accrued payroll

Teachers at the School may be paid over twelve months, even though school is only in session for ten months. The salary for the current school year that is paid subsequent to June 30, 2021 is recorded in accrued payroll and related liabilities on the statements of financial position.

k) Compensated absences

All full-time twelve (12) month employees of the School receive between fifteen (15) to twenty (20) days of annual leave depending on length of service. Annual leave may be accumulated and carried forward up to a maximum of thirty (30) days. Unused annual leave is paid to employees upon termination. All employees receive between ten (10) to thirteen (13) days of sick leave depending on classification as a ten-month or twelve-month employee. Sick leave may be accumulated and carried forward without limitation; however, unused sick leave is not paid upon termination. It is the School's policy to recognize the cost of compensated absences for annual leave when earned by employees. Compensated absences for annual leave, which is included in accrued payroll and related liabilities, amounted to \$258,378 and \$239,064 as of June 30, 2021 and 2020, respectively.

l) Functional expenses

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

m) Advertising

The School expenses advertising as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$151,526 and \$590,538, respectively.

n) Donated assets

Noncash donations are recognized at their estimated fair values at the date of donation.

2) Property and equipment

A summary of property and equipment as of June 30, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 816,898	\$ 816,898
Buildings	8,831,674	8,831,674
Land	3,046,575	3,046,575
Less: accumulated depreciation	(1,386,666)	(1,057,320)
Property and equipment, net	<u>\$ 11,308,481</u>	<u>\$ 11,637,827</u>

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

3) Concentrations of credit risk

The School maintains its cash balances in one financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The uninsured cash balances totaled \$7,609,446 and \$3,398,408 at June 30, 2021 and 2020, respectively. The School has not experienced any losses in such accounts. The School has no policy requiring collateral or other security to support its deposits.

4) Liquidity and availability

The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources 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	\$ 7,528,825
Federal grants receivable	2,668,318
	<u>\$ 10,197,143</u>

5) Retirement plan

On July 1, 2018, the School began sponsoring a 403(b) plan for all eligible employees. Employees are 100% vested immediately upon participation. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service (IRS). The School may make matching contributions at its discretion. The School match for the years ended June 30, 2021 and 2020 totaled \$627,479 and \$670,362, respectively.

The School sponsors a 457(b) Deferred Compensation Plan for all eligible employees. The plan does not require matching contributions.

6) Leases

The School leases facilities for the operations of UVA Charter School in Tallulah, Louisiana under non-cancelable operating lease agreements. Monthly payments on the leases range from \$634 to \$5,575. Total rent expense under the terms of these agreements was \$207,888 and \$197,876 for the years ended June 30, 2021 and 2020, respectively.

The School leases three passenger school buses for the operations of UVA Charter School under a lease that began on July 1, 2019 and expired June 30, 2020. The lease was paid in one annual payment of \$49,800 at the commencement of the lease. On July 1, 2021, the lease was renewed for an additional year, and was paid in one annual payment of \$51,000.

7) Line of credit

The School had a \$1,500,000 line of credit with a financial institution at an annual variable interest rate and is unsecured. The line of credit matured on March 8, 2021 and has not been renewed.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

8) Cooperative Endeavor Agreement

The School had a Cooperative Endeavor agreement with Madison-Tallulah Education Center d/b/a Tallulah Charter School whereas the School operated the charter school, UVA Charter School, at the former Tallulah Charter School. The School's last day of operating the former Tallulah Charter School was June 9, 2021.

9) Commitments and contingent liabilities

a) State funding

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

b) Litigation

The School is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. In the opinion of the School's management and legal counsel, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. No provision has been made in the financial statements for possible losses of this nature.

10) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "*Leases.*" This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statements of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021.

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets. This accounting standard improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. The standard is effective for annual periods beginning after December 15, 2021.

The School is currently assessing the impact of these pronouncements on its financial statements and has elected to not early adopt any of these standards.

11) Subsequent events

Management has evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

FOUNDATION FOR LOUISIANA STUDENTS
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR SUPERINTENDENT

For the Year Ended June 30, 2021

Michelle Clayton, Superintendent

Purpose	Amount
Salary	\$223,668
Cell phone	1,453
Benefits	22,290
Benefits – Health Insurance	19,195
Benefits – FICA and Medicare	12,584

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
Foundation for Louisiana Students
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 Foundation for Louisiana Students d/b/a University View Academy (the "School"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [2021-001 and 2021-002]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation for Louisiana Students' 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*.

Foundation for Louisiana Students' Response to Findings

Foundation for Louisiana Students' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity'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 Legislative Auditor as a public document.

April 29, 2022
Metairie, Louisiana

A handwritten signature in blue ink that reads "Wegmann Dorset". The signature is written in a cursive style with a large initial "W".

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

To the Board of Directors
Foundation for Louisiana Students
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Foundation for Louisiana Students d/b/a University View Academy (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, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, Foundation for Louisiana Students 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, 2021.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Legislative Auditor as a public document.

April 29, 2022
Metairie, Louisiana



FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
United States Department of Education			
Passed through Louisiana Department of Education			
Title I Grants to Local Educational Agencies	84.010A	N/A	\$ 973,982
Direct Student Services	84.010A	N/A	28,980
IDEA Part B – Special Education Grants to States	84.027A	N/A	339,586
Carl Perkins - Secondary	84.048A	N/A	39,877
Title IIA – Supporting Effective Instruction State Grants	84.367A	N/A	126,308
SRCL2 – Striving Readers	84.371C	N/A	13,429
Title IVA – Student Support and Academic Enrichment	84.424A	N/A	57,193
Education Stabilization Fund - ESSERF - Formula	84.425D	N/A	1,888,198
Total United States Department of Education			\$ 3,467,553
United States Department of Agriculture			
Passed through Louisiana Department of Education			
Child Nutrition Cluster			
Summer Food Service Program for Children (SFSPC)	10.559	N/A	322,871
Total Child Nutrition Cluster			322,871
Child and Adult Care Food Program (CACFP)	10.558	N/A	111,467
Total United States Department of Agriculture			434,338
Total Expenditures of Federal Awards			\$ 3,901,891

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Note 1 General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Foundation for Louisiana Students. The reporting entity is defined in Note 1 to the School's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Note 3 Risk-based audit approach

The dollar threshold used to distinguish between Type A and Type B programs is \$750,000. The School qualifies as a low-risk auditee.

Note 4 Indirect cost rate

The School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in its Schedule of Expenditures of Federal Awards.

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

I. SUMMARY OF THE AUDITORS' RESULTS

Financial Statements

1. Type of report issued on the financial statements: **Unmodified Opinion.**
2. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **Yes.** Material weaknesses: **No.**
3. Noncompliance which is material to the financial statements: **No.**
4. A management letter was issued: **Yes.**

Federal Awards

5. Significant deficiencies in internal control over major programs: **No.**
Material weaknesses: **No.**
6. Type of report issued on compliance for major programs: **Unmodified Opinion.**
7. Any audit findings which are required to be reported in accordance with 2CFR 200.516(a): **No.**
8. Major programs for the fiscal year ended June 30, 2021 were:

Education Stabilization Fund - ESSERF – Formula (CFDA# 84.425D)

9. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
10. Auditee qualified as a low-risk auditee under Uniform Guidance: **Yes.**

II. INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001: Accrued Payroll and related liabilities

Condition:

Currently there is a lack of control surrounding year end entries for accrued payroll and related liabilities.

Criteria:

All outstanding payroll liabilities should be posted to the correct period.

Cause:

Due to a change in accounting personnel during the fiscal year, the School was unable to successfully implement the process to ensure that all accrued payroll and related liabilities are properly recorded.

Effect:

Accrued payroll and related liabilities as of June 30, 2021 required adjustments due to failure to record accrual for payroll liabilities.

Recommendation:

Management should implement an approval process to review accruals at year end.

Management's Response and Corrective Action Plan:

Organizational restructuring and increased staffing levels have been approved to ensure that all accruals are reviewed and properly recorded in the appropriate accounting period.

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

II. INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2021-002: Compliance with Annual Filing Deadline

Condition:

The audit report for the year ended June 30, 2021 was not submitted within nine (9) months after year end as required by state law (this includes the emergency extension due to Hurricane Ida, as determined by the Governor’s Decree). The School has also received a non-emergency extension under the provisions of LRS 29:724 (B) (1) through April 30, 2022.

Criteria:

Louisiana Revised Statute 24:513 requires that all engagements be completed and transmitted to the legislative auditor within nine months of the close of the auditee’s fiscal year.

Cause:

The School did not file its report for June 30, 2021 within nine months of the end of its fiscal year due to significant changes in personnel within the finance department during the fiscal year end.

Effect:

The School is in compliance with the State Law governing the completion and submission of audit reports due to the non-emergency extension through April 30, 2022.

Recommendation:

We recommend that management be cognizant of this deadline in the future and make every effort to comply.

Management’s Response and Corrective Action Plan:

The School will continue to make every effort to comply with this law. They endured significant changes in personnel within the finance department during the year ended June 30, 2021 as a result of national and local labor shortages.

III. INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

There were no findings related to federal awards for the year ended June 30, 2021.

IV. MANAGEMENT LETTER

<p><u>2021-003: Teacher Experience</u></p> <p>Teacher experience was incorrectly reported on the PEP report submitted to the State. We recommend that procedures be implemented to ensure that all employee information is accurately reported on subsequent PEP submissions.</p>	<p><u>Management Response:</u></p> <p>We will review our policies and procedures over PEP reporting to ensure accurate and complete data is submitted to the State in subsequent reporting periods.</p>
<p><u>2021-004: Prepare and Approve Purchase Orders before Items Are Received</u></p> <p>Audit tests indicated that purchase orders are occasionally prepared after items are received or ordered. This practice may defeat the control a purchase order system is intended to provide. We recommend that purchase orders be prepared and approved before items are received or ordered.</p>	<p><u>Management Response:</u></p> <p>We will review our policies and procedures over the approval of purchase orders to ensure that purchase orders are prepared and approved before items are received or ordered.</p>

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001: Accrued Payroll and Related Liabilities

Condition:

Currently there is a lack of control surrounding year end entries for accounts payable, accrued expenses, and accrued payroll and related liabilities.

Status:

Not resolved. See 2021-001.

2020-002: Prepaid expenses

Condition:

Currently there is a lack of control surrounding entries for prepaid expenses.

Status:

The School has implemented policies and procedures that have resolved the conditions related to prepaid expenses.

INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

There were no findings related to federal awards for the year ended June 30, 2020.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Foundation for Louisiana Students
Baton Rouge, Louisiana

To the Foundation for Louisiana Students, the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Foundation for Louisiana Students for the fiscal year ended June 30, 2021; 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 the Foundation for Louisiana Students is responsible for its performance and statistical data.

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

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 sample of 10 classes to the October 1 roll books for those classes and observed that 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 properly classified on the PEP data or equivalent listing prepared by management.

Findings: We noted six instances in our random sample of 25 individuals where the employee experience reported to the Department of Education did not agree to the employees personnel file. There were no exceptions related to education levels.

Management's Response: Management will refine the onboarding process to include an additional verification process for receipt of all necessary paperwork. Management will also review all current staff files to ensure all verified information is correct and entered into the system.

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.

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

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Foundation for Louisiana Students, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

April 29, 2022
Metairie, Louisiana



FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)

As of and For the Year Ended June 30, 2021

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.

FOUNDATION FOR LOUISIANA STUDENTS
BATON ROUGE, LOUISIANA

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2021

<u>General Fund Instructional and Equipment Expenditures</u>	<u>Column A</u>	<u>Column B</u>
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 9,613,910	
Other Instructional Staff Activities	566,958	
Instructional Staff Employee Benefits	3,207,697	
Purchased Professional and Technical Services	237,419	
Instructional Materials and Supplies	2,959,652	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<hr/>	16,585,636
Other Instructional Activities		1,393,781
Pupil Support Activities	3,025,758	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	<hr/>	3,025,758
Instructional Staff Services	1,574,516	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<hr/>	1,574,516
School Administration	1,233,574	
Less: Equipment for School Administration	-	
Net School Administration	<hr/>	1,233,574
Total General Fund Instructional Expenditures (Total of Column B)		<hr/> <u>\$ 23,813,265</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<hr/> <u>\$ 16,303</u>

FOUNDATION FOR LOUISIANA STUDENTS
BATON ROUGE, LOUISIANA

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2021

<u>Certain Local Revenue Sources</u>	<u>Column A</u>	<u>Column B</u>
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		-
Total Local Taxation Revenue	<u>\$</u>	<u>-</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$	-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property	<u>\$</u>	<u>-</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes	<u>\$</u>	<u>-</u>
Nonpublic Textbook Revenue	<u>\$</u>	<u>-</u>
Nonpublic Transportation Revenue	<u>\$</u>	<u>-</u>

FOUNDATION FOR LOUISIANA STUDENTS
BATON ROUGE, LOUISIANA

Class Size Characteristics
As of October 1, 2020

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	68%	896	22%	289	9%	114	2%	23
Combination Activity Classes	50%	72	20%	29	14%	20	15%	22