

Luther Speight & Company
Certified Public Accountants and Consultants

LIVING SCHOOL, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Living School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 the Living School, Inc. as of June 30, 2020, 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.

Emphasis of a Matter

As discussed in Note 1 of the financial statements, during the year ended June 30, 2020, the School adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020 on our consideration of Living School Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant 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 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 Smothers School's internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
December 30, 2020

LIVING SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 305,701
Pledges Receivable	38,594
Grants Receivable	31,113
Prepaid Expenses	2,947
Deposits	<u>16,247</u>

TOTAL ASSETS \$ 394,602

LIABILITIES

Accounts Payable	66,178
Payroll Liabilities	9,709
Note Payable	<u>108,400</u>

TOTAL LIABILITIES 184,287

NET ASSETS

Without Donor Restrictions	<u>210,315</u>
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TOTAL NET ASSETS 210,315

TOTAL LIABILITIES AND NET ASSETS \$ 394,602

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

LIVING SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
State and Local Minimum Foundation Progra	\$ 713,416	\$ -	\$ 713,416
Local Grants	540,426	-	540,426
Federal Grants	206,362	-	206,362
Contributions	64,031	-	64,031
Miscellaneous Revenue	10,500	-	10,500
TOTAL SUPPORT AND REVENUE	1,534,735	-	1,534,735
EXPENSES			
Program Services	1,121,358	-	1,121,358
Management and General	257,007	-	257,007
TOTAL EXPENSES	1,378,365	-	1,378,365
Change in Net Assets	156,370	-	156,370
NET ASSETS, BEGINNING OF YEAR	53,945	-	53,945
NET ASSETS, END OF YEAR	<u>\$ 210,315</u>	<u>\$ -</u>	<u>\$ 210,315</u>

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

LIVING SCHOOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities	
Change in Net Assets	\$ 156,370
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Net Changes in Assets and Liabilities:	
Decrease in Receivables	3,278
Increase in Other Assets	(520)
Increase in Accounts Payable	4,779
Decrease in Payroll Liabilities	(2,513)
Total Adjustments	<u>5,024</u>
Net Cash Provided by Operating Activities	161,394
Cash Flows from Financing Activities	
Borrowings of Note Payable, Net	<u>108,400</u>
Net Cash Provided by Financing Activities	<u>108,400</u>
Net Increase in Cash and Cash Equivalents	269,794
Cash and Cash Equivalents - Beginning of Year	<u>35,907</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 305,701</u></u>

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

LIVING SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Total
Salaries	\$ 395,669	\$ 106,933	\$ 502,602
Professional Services	104,937	22,332	127,269
Rent Expense	118,218	54	118,272
Purchased Educational Services	89,348	-	89,348
Fringe Benefits	61,370	23,809	85,179
Repairs & Maintenance	80,648	2,489	83,137
Transportation	67,850	99	67,949
Office and Education Supplies	50,693	2,800	53,493
Software and Technology	33,011	9,838	42,849
Food Services	31,443	-	31,443
Utilities	23,452	5,863	29,315
Materials and Supplies	21,289	4,892	26,181
Insurance	-	20,976	20,976
Dues and Fees	-	20,587	20,587
Custodial Services	16,225	4,056	20,281
Communications	8,891	8,904	17,795
Food Expense	7,726	3,620	11,346
Other Purchased Services	4,088	6,697	10,785
Advertising Expense	-	9,219	9,219
Equipment Rental	5,357	707	6,064
Travel	1,143	2,730	3,873
Interest Expense	-	402	402
Total Expenses	\$ 1,121,358	\$ 257,007	\$ 1,378,365

The accompanying notes are an integral part of the financial statements

LIVING SCHOOL, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Living School, Inc. (the School) is a new public high school in New Orleans East. The School entered into a Charter School Operating agreement with the Orleans Parish School Board (OPSB) beginning July 1, 2019, whereby the School would operate as a Type 1 charter school as defined in Louisiana Revised Statute 17:3971. The Charter Agreement has a term of five years, expiring on June 30, 2024. During the year ended June 30, 2020, the School served grades 9 and 10. The School will add one grade each year until they are a fully built-out high school with no more than 80 students per grade. The School's mission is to cultivate equity by nurturing students to do work that improves their lives, communities, and environment through holistic health, citizenship, and entrepreneurship. The School is designed to help every student graduate with both a college-ready diploma, a trade certification, a living-wage job offer, and the habits of a healthy life.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

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

- *Net Assets Without Donor Restrictions* – Net assets without donor restrictions include funds that are not subject to donor-imposed restrictions. As of June 30, 2020, all of the School's net assets were in this category.
- *Net Assets With Donor Restrictions* – Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of June 30, 2020, the School had no net assets with donor restrictions.

LIVING SCHOOL, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restrictions.

Use of Estimates

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

Cash and Cash Equivalents

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

Grants Receivable

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

Property and Equipment

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

Furniture	5 – 7 years
Equipment	3 – 5 years

For the year ended June 30, 2020, the School did not have any acquisitions that exceeded the capitalization threshold.

Concentration of Credit

The School maintains cash accounts with one Credit Union. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) by up to \$250,000 per financial institution for the year ended June 30, 2020. At times, the balance may exceed the federally insured amount. At June 30, 2020, the School's cash balances exceeded the FDIC limit by \$55,701. The School has not obtained pledged collateral to cover the uninsured portion.

LIVING SCHOOL, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on the time spent on each program.

Income Taxes

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the year ending June 30, 2020 is subject to examination by the IRS, generally for three years after they were filed.

Public Support and Revenue

One of the School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. The School receives money from this program based on eligible students in attendance. MFP revenue accounts for 46% of the School's total support for the year ended June 30, 2020. In addition, the School receives various federal and private grants, as well as contributions and donations from private sources.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. This ASU is effective for years beginning after December 15, 2018, but early adoption was permitted. The School adopted this accounting standard during the year ended December 31, 2019. The implementation did not result in a retrospective adjustment to prior year net assets.

LIVING SCHOOL, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 2 – GRANTS RECEIVABLE

Grants receivable are deemed to be fully collectible by management and were comprised of a \$31,113 receivable from various local, state and federal sources as of June 30, 2020.

NOTE 3 – PLEDGES RECEIVABLE

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend on are substantially met and the promises become unconditional. The pledges receivable were recorded at \$38,594 without an allowance for uncollectable pledges and without a discount on pledges receivable, resulting in a net pledges receivable of \$52,930. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. At June 30, 2020, the School did not have any pledges over a year old. The pledges receivable are expected to be collected as follows as of June 30, 2020:

In one year or less	\$ 38,594
Between one year and three years	-
Less:	
Present value discount	-
Allowance for uncollectible pledges	-
Total Pledges Receivable	<u>\$ 38,594</u>

NOTE 4 – COMPENSATED ABSENCES

Per School policy, vacation and sick time does not roll over from year to year. Therefore, management has determined that an accrual for compensated absences is not necessary at June 30, 2020.

NOTE 5 – RETIREMENT PLAN

The School sponsors a 403(b) plan for all eligible employees. Eligible employees are vested upon completing one (1) month of service with the School. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service (IRS). The School makes an unconditional 3% contribution of the eligible employee's compensation. The School's retirement contributions for the year ended June 30, 2020 totaled \$13,740.

LIVING SCHOOL, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 6 – NOTE PAYABLE

During the year ended June 30, 2020, the School obtained \$108,400 in financing from the Small Business Administration through the Coronavirus Aid Relief and Economic Security Act (CARES). The note bears a fixed interest rate of 1%. The School is not required to make any payments for the first six months after obtaining the funds. Upon the seventh month, the School will start making monthly payments of principal and interest until the maturity date, which is two years from the date of the note. Subsequent to year-end, the School applied for loan forgiveness, which is allowed per the agreement. However, it is unknown at the date of this report if the loan balance will be forgiven. The outstanding balance at June 30, 2020 was \$108,400. The future scheduled maturities of the note payable are as follows:

June 30,		
	2021	\$ 49,102
	2022	<u>59,298</u>
		<u>\$ 108,400</u>

NOTE 7 – GRANT REVENUE

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

Federal Grants	
<i>Pass Thru:</i>	<i>Amount</i>
State of Louisiana	\$ 91,239
Louisiana Department of Education	60,229
Louisiana Department of Revenue	<u>54,894</u>
	<u>\$ 206,362</u>

Local Grants	
<i>Source:</i>	<i>Amount</i>
Charter School Growth Fund	\$ 220,000
New Schools for New Orleans	182,750
NewSchools Venture Fund	110,000
YouthForce NOLA	<u>27,676</u>
	<u>\$ 540,426</u>

LIVING SCHOOL, INC.
Notes to the Financial Statements
June 30, 2020

NOTE 8 – COMMITMENTS

Lease Commitments

The School leases the building in which the school operates. The lease is for 31 months, beginning on December 31, 2018 and terminating on June 30, 2021. The School has the option to extend the lease for an additional 12 months. The monthly rent payment is \$9,000, with a \$1,000 increase starting July 1, 2020. Future obligations under the operating lease agreement is as follows at June 30, 2020:

2021	\$	<u>120,000</u>
Total	\$	<u>120,000</u>

NOTE 9 – CONCENTRATIONS

For the year ended June 30, 2020, the School received approximately 49% of its total revenue from federal and local grants and 46% of its total revenue from the State and Local Minimum Foundation Program.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$	305,701
Pledges Receivable		38,594
Grants Receivable		<u>31,113</u>
	\$	<u>375,408</u>

NOTE 11 – SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread across multiple countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts subsequent to year-end may include disruptions to the School's operations and the ability for the Organization's employees to perform their tasks.

Management evaluated subsequent events as of December 30, 2020, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.



Luther Speight & Company
Certified Public Accountants and Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Living School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 December 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Living School Inc.'s internal control over financial reporting (internal control) 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 Living School Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Living School Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Living School Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink, appearing to read "Luther Speight & Co". The signature is fluid and cursive, with a large initial "L" and "S".

Luther Speight & Company CPAs
New Orleans, Louisiana
December 30, 2020

LIVING SCHOOL, INC.
Summary of Auditor's Results
June 30, 2020

Section I – Summary of Auditor's Results

Financial Statements

A disclaimer of opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? yes no

Significant deficiencies identified
not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Living School, Inc. did not receive federal awards in excess of \$750,000 during the year ended June 30, 2020, and, therefore, is exempt from the audit requirements under the Uniform Guidance.

No Separate Management Letter Issued

LIVING SCHOOL, INC.
Schedule of Findings and Management Responses
June 30, 2020

We noted no findings during the year ended June 30, 2020.

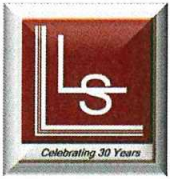
LIVING SCHOOL, INC.
Schedule of Prior Year Findings
June 30, 2020

The School was not audited in the prior year; therefore, there are no prior year findings.

LIVING SCHOOL, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD(S)
FOR THE YEARS ENDED
JUNE 30, 2020

Agency Head: Stefin Pasternak, School Leader

Purpose	Amount
Salary	\$ 60,300
Severance	-
Benefits- Insurance	4,659
Benefits- Retirement	1,800
Benefits- Medicare	765
Benefits - Worker's Comp	-
Benefits- Unemployment	-
Cell Phone and iPad Dues	-
Uniforms	-
Per Diem	-
Travel	-
Reimbursements	1,834
Fuel Usage	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-



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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES - PERFORMANCE AND STATISTICAL DATA**

To the Board of Directors of Living School, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Living School, Inc., 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 Living School, Inc. for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I as provided by the Board of Elementary and Secondary Education (BESE), in compliance with Louisiana Revised Statute 24:514 I. Management of Living School, Inc. 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 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: Based upon our examination of the supporting documentation, we noted no exceptions in our sample.

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: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

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: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

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: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

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 Living School, Inc., 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.

A handwritten signature in blue ink, appearing to read "Luther Speight & Company CPAs".

Luther Speight & Company CPAs
New Orleans, Louisiana
December 30, 2020

Living School, Inc.
New Orleans, Louisiana
Schedules Required by State Law
(R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2020

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 (Formerly Schedule 6) 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.

Living School, Inc.
General fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020
Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	135,237	
Other Instructional Staff Activities	-	
Instructional Staff Employee Benefits	26,937	
Purchased Professional and Technical Services	73,380	
Instructional Materials and Supplies	51,523	
Instructional Equipment	3,463	
Total Teacher and Student Interaction Activities		290,540
Other Instructional Activities		3,303
Pupil Support Activities	179,054	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		179,054
Instructional Staff Services	33,959	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		33,959
School Administration		
Less: Equipment for School Administration	103,066	
Net School Administration		103,066
Total General Fund Instructional Expenditures (Total of Column B)		<u>609,922</u>
Total General Fund Equipment Expenditures		<u>3,463</u>

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		-
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>

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

Living School, Inc.
Class Size Characteristics
For the Year Ended June 30, 2020
Schedule 2

School Type	Class Size Range (as of October 1, 2019)							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	42%	5	0%	-	58%	7	0%	-
High Activity Classes	0%	-	0%	-	0%	-	100%	1
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.