

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana**

We have audited the accompanying financial statements of the **D'Arbonne Woods Charter School** (a nonprofit organization, the School), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

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 D'Arbonne Woods Charter School as of June 30, 2020 and 2019, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Schedule of Compensation, Benefits, and Other Payments to the Executive Director are presented for purposes of additional analysis and are 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 16, 2020, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 16, 2020

FINANCIAL STATEMENTS

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Statements of Financial Position

	June 30, 2020			June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash	\$ 2,654,195	\$ 162,891	\$ 2,817,086	\$ 2,048,169	\$ 130,208	\$ 2,178,377
Investments	214,221	-	214,221	211,295	-	211,295
Accounts receivable	185	751	936	6,341	-	6,341
Grants receivable	319,589	-	319,589	586,284	-	586,284
Total current assets	<u>3,188,190</u>	<u>163,642</u>	<u>3,351,832</u>	<u>2,852,089</u>	<u>130,208</u>	<u>2,982,297</u>
Property and equipment, net	23,349,281	-	23,349,281	23,427,601	-	23,427,601
Noncurrent assets						
Funds held by fiscal agent	2,249,788	-	2,249,788	1,993,045	-	1,993,045
Total noncurrent assets	<u>2,249,788</u>	<u>-</u>	<u>2,249,788</u>	<u>1,993,045</u>	<u>-</u>	<u>1,993,045</u>
Total assets	<u>\$ 28,787,259</u>	<u>\$ 163,642</u>	<u>\$ 28,950,901</u>	<u>\$ 28,272,735</u>	<u>\$ 130,208</u>	<u>\$ 28,402,943</u>
Liabilities and net assets						
Current liabilities						
Accounts and retainage payable	\$ 106,932	\$ -	\$ 106,932	\$ 494,733	\$ -	\$ 494,733
School activity funds payable	-	7,871	7,871	-	4,121	4,121
Payroll liabilities	499,250	-	499,250	381,473	-	381,473
Compensated absences	284,873	-	284,873	241,878	-	241,878
Deferred revenues	51,643	-	51,643	-	-	-
Long-term debt, current portion	274,475	-	274,475	265,391	-	265,391
Total current liabilities	<u>1,217,173</u>	<u>7,871</u>	<u>1,225,044</u>	<u>1,383,475</u>	<u>4,121</u>	<u>1,387,596</u>
Noncurrent liabilities						
Long-term debt	21,773,916	-	21,773,916	22,048,391	-	22,048,391
Less unamortized bond issuance cost	(269,919)	-	(269,919)	(283,099)	-	(283,099)
Total noncurrent liabilities	<u>21,503,997</u>	<u>-</u>	<u>21,503,997</u>	<u>21,765,292</u>	<u>-</u>	<u>21,765,292</u>
Total liabilities	22,721,170	7,871	22,729,041	23,148,767	4,121	23,152,888
Net assets	6,066,089	155,771	6,221,860	5,123,968	126,087	5,250,055
Total net assets	<u>6,066,089</u>	<u>155,771</u>	<u>6,221,860</u>	<u>5,123,968</u>	<u>126,087</u>	<u>5,250,055</u>
Total liabilities and net assets	<u>\$ 28,787,259</u>	<u>\$ 163,642</u>	<u>\$ 28,950,901</u>	<u>\$ 28,272,735</u>	<u>\$ 130,208</u>	<u>\$ 28,402,943</u>

The accompanying notes are an integral part of these statements

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Statements of Activities

For the Years Ended

	June 30, 2020			June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
State public school funding	\$ 10,258,358	\$ -	\$ 10,258,358	\$ 9,145,295	\$ -	\$ 9,145,295
Federal sources	782,506	-	782,506	930,506	-	930,506
State sources	50,398	-	50,398	48,110	-	48,110
Donations	2,144	20,975	23,119	190	973	1,163
Fundraisers	-	86,017	86,017	4,698	90,885	95,583
Cost of direct benefit to donors	-	-	-	-	(1,672)	(1,672)
Meal income	66,324	-	66,324	83,271	-	83,271
Dues and fees	-	29,881	29,881	-	29,316	29,316
Other income	36,587	148,639	185,226	29,433	139,720	169,153
Interest income	69,602	-	69,602	60,918	-	60,918
Total	<u>11,265,919</u>	<u>285,512</u>	<u>11,551,431</u>	<u>10,302,421</u>	<u>259,222</u>	<u>10,561,643</u>
Net assets released from restrictions	<u>255,828</u>	<u>(255,828)</u>	<u>-</u>	<u>274,420</u>	<u>(274,420)</u>	<u>-</u>
Total support and revenue	11,521,747	29,684	11,551,431	10,576,841	(15,198)	10,561,643
Expenses and losses						
Program Services	9,877,145	-	9,877,145	9,572,511	-	9,572,511
Support Services						
Management and general	641,535	-	641,535	650,211	-	650,211
Fundraising expenses	44,793	-	44,793	20,165	-	20,165
Gain/ (Loss) on Disposal	16,153	-	16,153	-	-	-
Total expenses and losses	<u>10,579,626</u>	<u>-</u>	<u>10,579,626</u>	<u>10,242,887</u>	<u>-</u>	<u>10,242,887</u>
Increase in net assets	942,121	29,684	971,805	333,954	(15,198)	318,756
Net assets at beginning of year	<u>5,123,968</u>	<u>126,087</u>	<u>5,250,055</u>	<u>4,790,014</u>	<u>141,285</u>	<u>4,931,299</u>
Net assets at end of year	<u>\$ 6,066,089</u>	<u>\$ 155,771</u>	<u>\$ 6,221,860</u>	<u>\$ 5,123,968</u>	<u>\$ 126,087</u>	<u>\$ 5,250,055</u>

The accompanying notes are an integral part of these statements

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Statements of Cash Flows

	For the Year Ended June 30,	
	2020	2019
Cash flows from operating activities		
Increase in net assets	\$ 971,805	\$ 318,756
Adjustment to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	664,142	697,951
Bond amortization	13,180	13,180
Changes in assets and liabilities		
Accounts receivable	5,405	(6,341)
Grants receivable	266,695	53,724
Accounts payable	(384,051)	326,897
Payroll liabilities	160,772	11,234
Deferred revenues	51,643	-
Net cash provided by operating activities	1,749,591	1,415,401
Cash flows from capital and related financing activities		
Purchase of construction in progress and equipment	(601,976)	(3,260,268)
Proceeds from the issuance of debt	-	-
Payment on notes payable	(265,391)	(259,193)
Net cash used by capital and related financing activities	(867,367)	(3,519,461)
Cash flows from investing activities		
Increase in funds held by fiscal agent	(256,743)	(260,818)
Purchase of investments	(2,925)	(2,682)
Gain / (Loss) on Disposal of Assets	16,153	-
Net cash used by investing activities	(243,515)	(263,500)
Net decrease in cash	638,709	(2,367,560)
Cash at beginning of year	2,178,377	4,545,937
Cash at end of year	\$ 2,817,086	\$ 2,178,377
Shown on accompanying Statements of Financial Position as		
Cash	\$ 2,817,086	\$ 2,178,377
Total	\$ 2,817,086	\$ 2,178,377
Supplemental disclosure of cash flow information		
Cash paid for interest expense	\$ 542,417	\$ 549,967

The accompanying notes are an integral part of these statements

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

INTRODUCTION

The D'Arbonne Woods Charter School, Inc. (the School) was granted a Type 2 charter by the Louisiana Board of Elementary or Secondary Education (BESE) to provide educational services in Union Parish to students beginning with the 2009-2010 school year. The curriculum is designed to meet the unique needs of rural, at-risk students. The School serves eligible students in kindergarten through twelfth grade. At its March 9, 2012 meeting the Louisiana State Board of Elementary and Secondary Education approved a material amendment to the School's charter allowing an increase in total enrollment and to add grades nine through twelve beginning with grade nine in the fall of 2012, subject to certain conditions set by the State Superintendent of Education. The School's Charter was renewed during the 2013 – 2014 fiscal year for a 10-year period. The School is governed by a seven-member board of directors.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING

The School follows the guidance of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and has adopted the provisions of FASB's Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* which modifies the presentation of net assets on the basic financial statements. In accordance with FASB ASU 2016-14, net assets are presented in two classes – net assets without donor restrictions and net assets with donor restrictions. Presentation in a particular net asset class is based on the existence or absence of donor-imposed restrictions on the use of net assets. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of the Association or by the passage of time.

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 Association. These net assets may be used at the discretion of the Association's management and board of directors.

B. BASIS OF ACCOUNTING

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

C. CONTRIBUTIONS

In accordance with ASC 958-605, *Not For Profit Entities-Revenue Recognition*, contributions received are recorded as with donor restrictions or without donor

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

restrictions depending on the existence of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net assets class. When a qualifying expenditure occurs, or a time restriction expires, assets with donor restrictions are recognized in net assets without donor restrictions as “net assets released from restrictions” in the statement of activities. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions. In the event non-cash items are contributed to the School, they are reported as revenue of the net assets without donor restrictions class unless explicit donor stipulations specify how the contributions must be used.

D. REVENUES

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. Adjustments are normally made in the following year on February 1st. State and Federal grants are generally on a cost reimbursement basis whereby revenues are recognized when related eligible expenses are incurred.

E. PROPERTY AND EQUIPMENT

The School has adopted the practice of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$5,000 and the useful life exceeds one year. Property and equipment are recorded at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the property and equipment of the School:

<u>Asset</u>	<u>Useful Life (in years)</u>
Buildings	40
Building Improvements	10-25
Land Improvements	30
Portable School Building	5
Furniture and Equipment	5-10
Computer Equipment	3
Buses	5-10
Software	5

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Years Ended June 30, 2020 and 2019

F. COMPENSATED ABSENCES

The School grants all employees of the School a total of ten days of paid sick leave per year. Sick leave may be accumulated from year to year with no limit. Upon retirement or death, the School will pay to the employee or his/her estate for any unused sick leave not to exceed 25 days. Unused leave may be applied to years of service at retirement. In addition, all full-time personnel employed on a twelve month fiscal year basis are entitled to annual leave of ten to fifteen days per year, based upon years of consecutive service. Unused leave may be accumulated at a rate of five days per year with a maximum of twenty days. Upon retirement, death, termination, or resignation, the School will pay to the employee or his or her estate for all unused annual leave.

G. INCOME TAXES

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. Also, the School is subject to income tax examinations by the Internal Revenue Service and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The School is no longer subject to examination by tax authorities for years ended before June 30, 2016.

H. INVESTMENTS AND INVESTMENTS HELD WITH FISCAL AGENT

The School's investments consist of certificates of deposit with maturities greater than three months. The certificates are reported at cost which approximates fair market value. Investments held with fiscal agent are composed of United States Treasury Strips, Treasury Bills, and Treasury Securities – State and Local Government Series (SLGS) and are carried at fair value.

I. STATEMENT OF CASH FLOWS

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

J. USE OF ESTIMATES

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

K. CONCENTRATIONS

The School received 89% and 87% of its revenues in the years ended June 30, 2020 and 2019 respectively, from the State of Louisiana's Minimum Foundation Program, in accordance with its charter school contract with the State.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Years Ended June 30, 2020 and 2019

L. RECLASSIFICATIONS

Minor reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.

Note 2 CASH

The School's cash (bank balance) at June 30, 2020, was \$3,010,983 of which \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$2,760,983 was unsecured. The School has not experienced any losses due to unsecured cash balances and management does not believe the School is exposed to significant risk.

Note 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

At June 30, 2020, all of the School's \$2,654,195 cash balance (account balance) was available for general expenditure needs. An additional \$162,891 was donor restricted for school activities. The School has no policy to invest cash in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Note 4 INVESTMENTS

The School's investments consist of Certificates of Deposit (CDs) and U. S. Treasury securities. The CDs were completely secured by FDIC. The School's investments at June 30, 2020 and June 30, 2019 were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Certificates of Deposit	\$ 214,221	\$ 211,295
Funds held by fiscal agent		
U.S. Treasury Strips	-	73,910
U.S. Treasury Strip Interest Payment Tint	119,803	119,803
Treasury Securities - State and Local		
Government Series - (SLGS)	<u>2,129,985</u>	<u>1,799,332</u>
Total funds held by fiscal agent	<u>2,249,788</u>	<u>1,993,045</u>
Total Investments	<u>\$ 2,464,009</u>	<u>\$ 2,204,340</u>

Investments held with fiscal agent who does not have discretionary use of the funds are composed of United States Treasury Strips, Treasury Bills, and Treasury Securities – State and Local Government Series (SLGS) which makes up the School's irrevocable trust reserved for future payment of the bond (the sinking fund; See Note 10) and are carried at fair value. ASC Section 820 establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the School has the ability to access;
- Level 2 Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There is no movement in Level 3 year to year.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The School's investments at June 30, 2020, are valued at quoted market prices and other relevant information generated by market transactions held by the School at that date and are considered to be level 1 in the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements within the fair value hierarchy.

For the years ended June 30, 2020 and 2019, the School's investments (including gains and losses on investments bought, sold, and held during the year) changed in value as follows:

	June 30,	
	2020	2019
Interest income from CDs	\$ 4,007	\$ 4,590
Interest income from Argent	47,795	42,691
Change in market value	<u>17,800</u>	<u>13,637</u>
	<u>\$ 69,602</u>	<u>\$ 60,918</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.
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Notes to the Financial Statements
As of and for the Years Ended June 30, 2020 and 2019

Note 5 GRANTS AND OTHER RECEIVABLES

Grants receivable are as follows for the years ended June 30, 2020 and 2019:

Grant	2020	2019
Title I	\$ 213,317	\$ 214,470
Title I Migrant	-	1,940
Title II	2,869	23,154
IDEA	71,651	123,804
Career & Technical Education	31,752	222,916
Total	<u>\$ 319,589</u>	<u>\$ 586,284</u>

The School expects to collect substantially all outstanding balances and, therefore, does not include an estimate for allowance for doubtful accounts.

Note 6 SCHOOL ACTIVITY FUNDS

School Activity Funds are monies collected through dues, fundraisers, admissions or other money generating activity by an organizational unit within the School. It also includes donations from outside sources when such donation is made for a specific or restricted purpose. The School considers all School Activity Funds to be donor designated.

Note 7 DONOR RESTRICTED NET ASSETS

Donor restricted net assets represent the school activities funds and any donations made for a specific or restricted purpose. As of June 30, 2020 and 2019, the entirety of the School's donor restricted net assets related to school activity funds.

Note 8 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30, 2020	June 30, 2019
Depreciable Assets		
Buildings	\$ 20,291,454	\$ 20,291,454
Building improvements	92,430	92,430
Land improvements	132,155	64,710
Equipment	823,405	1,093,393
Vehicles	237,573	237,573
Total depreciable assets	<u>21,577,017</u>	<u>21,779,560</u>
Less: Accumulated depreciation	<u>(2,607,135)</u>	<u>(2,218,168)</u>
Net depreciable assets	<u>18,969,882</u>	<u>19,561,392</u>
Nondepreciable Assets		
Land	473,787	473,787
Construction in progress	<u>3,905,612</u>	<u>3,392,422</u>
Total nondepreciable assets	<u>4,379,399</u>	<u>3,866,209</u>
Total property and equipment	<u>\$ 23,349,281</u>	<u>\$ 23,427,601</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

Depreciation expense totaled \$664,142 and \$658,445 for the years ended June 30, 2020 and 2019, respectively.

All assets acquired with Louisiana Department of Education funds are owned by the School while used for the purpose for which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. In addition, the United States Department of Agriculture – Rural Development (USDA) has a reversionary interest in the School, which was built from USDA funding, until the debt is paid. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Note 9 RETIREMENT PLAN

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

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

Funding Policy: Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The rates were 25.52% and 26.32%, respectively, of annual eligible covered payroll for the years ended June 30, 2020 and 2019. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan were \$1,114,831 and \$1,037,432 for the years ended June 30, 2020 and 2019 respectively, which is equal to the required contribution.

Note 10 BONDS PAYABLE AND LONG-TERM DEBT

The School issued a \$5.1 million Qualified School Construction Bond (QSCB) dated December 21, 2010 bearing interest at 1.0% for the purpose of constructing a school facility. Interest is payable quarterly with the full principal amount due at maturity on December 15, 2029. In addition, the School is making quarterly deposits into an irrevocable trust reserved for future payment of the bond (the sinking fund; See Note 4). These funds are shown as funds held by fiscal agent on the Statements of Financial Position and had a balance of \$2,249,788 and \$1,993,045 at June 30, 2020 and 2019, respectively. The approximate required balance in the sinking fund as prescribed in the QSCB bond indenture document, to be funded in contributions, net of interest, is as

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

follows for the next five years: June 30, 2021, \$2,518,803; 2022, \$2,794,869; 2023, \$3,077,902; 2024, \$3,368,078 and 2025, \$3,665,576.

The School obtained a USDA loan in June of 2016 for the purpose of building a new school campus. The total amount of available USDA funding is \$18,000,000 with a \$16,948,391 carrying value. The USDA loan is for the term of 40 years with payments beginning on July 13, 2016, and the USDA holds a 40 year mortgage on this loan. The loan carries an interest rate of 2.875%. Future minimum payments on the USDA loan are as follows:

2021	274,475
2022	282,471
2023	290,700
2024	297,906
2025	307,847
Thereafter	<u>15,494,992</u>
	<u>\$16,948,391</u>

Changes in long-term debt were as follows for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020
QSCB	\$ 5,100,000	\$ -	\$ -	\$ 5,100,000
USDA	<u>17,213,782</u>	<u>-</u>	<u>(265,391)</u>	<u>16,948,391</u>
Total	<u>\$22,313,782</u>	<u>\$ -</u>	<u>\$ (265,391)</u>	<u>\$22,048,391</u>

Changes in long-term debt were as follows for the year ended June 30, 2019:

	Balance at July 1, 2018	Additions	Retirements	Balance at June 30, 2019
QSCB	\$ 5,100,000	\$ -	\$ -	\$ 5,100,000
USDA	<u>17,472,975</u>	<u>-</u>	<u>(259,193)</u>	<u>17,213,782</u>
Total	<u>\$ 22,572,975</u>	<u>\$ -</u>	<u>\$ (259,193)</u>	<u>\$ 22,313,782</u>

The School incurred \$542,417 and \$549,967 in interest expenses for the years ended June 30, 2020 and 2019, respectively.

Note 11 LEASES

The School leases a building, an athletic facility, and certain equipment under the terms of various operating leases. The School recognized rental expenses of \$98,651 and \$49,738, respectively, for the years ended June 30, 2020 and 2019.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Years Ended June 30, 2020 and 2019

Note 12 ALLOCATION OF EXPENSES

Expenses were allocated between Program Services, Management and General, and Fundraising as follows for the year ended June 30, 2020:

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 4,290,861	\$ 237,335	\$ -
Employee benefits	1,731,252	89,837	-
Payroll taxes	60,195	10,477	-
Advertising and promotion	-	4,978	-
Books and periodicals	84,313	-	-
Debt Service		1,352	
Depreciation and amortization	624,294	53,029	-
Food services	208,066	-	-
Information technology	15,129	188	-
Insurance	53,332	49,985	-
Interest	491,417	51,000	-
Legal and accounting	-	80,789	-
Materials and supplies	413,230	-	44,793
Miscellaneous	128,414	1,247	-
Occupancy	698,959	-	-
Office expenses	89,554	10,735	-
Professional fees	282,899	17,998	-
Student transportation	553,470	-	-
Training	897	-	-
Travel	39,438	2,211	-
School Activity	16,976	26,174	
Rentals and Leases	94,450	4,201	
Total	<u>\$ 9,877,145</u>	<u>\$ 641,535</u>	<u>\$ 44,793</u>

Depreciation and amortization were allocated between program services and management and general based upon the ratio of program services and management and general of total expenses (94% programs expenses and 6% management and general).

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

Expenses were allocated between Program Services, Management and General, and Fundraising as follows for the year ended June 30, 2019:

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 3,754,162	\$ 227,668	\$ -
Employee benefits	1,519,816	84,829	-
Payroll taxes	51,683	11,377	-
Advertising and promotion	-	1,462	-
Books and periodicals	98,553	-	-
Depreciation and amortization	618,938	52,687	-
Food services	258,663	-	-
Information technology	60,887	6,528	-
Insurance	48,401	43,262	-
Interest	498,967	51,000	-
Legal and accounting	-	80,702	-
Materials and supplies	471,611	-	20,166
Miscellaneous	282,652	2,902	-
Occupancy	747,843	-	-
Office expenses	75,192	14,119	-
Professional fees	321,717	42,496	-
Student transportation	607,282	-	-
Training	13,305	-	-
Travel	56,270	2,117	-
School Activity	39,581	26,312	-
Rentals and Leases	46,988	2,750	-
Total	<u>\$ 9,572,511</u>	<u>\$ 650,211</u>	<u>\$ 20,166</u>

Depreciation and amortization and Interest expense were allocated between program services and management and general based upon the ratio of program services and management and general of total expenses (94% programs expenses and 6% management and general).

Note 13 UNCERTAIN INCOME TAXES

The School has adopted the provisions of FASB ASC 740 Accounting for Uncertainty in Income Taxes. The implementation of this topic had no impact on the statement of financial position or statement of activities.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Years Ended June 30, 2020 and 2019

Note 14 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2020 the date the financial statements were available to be issued and determined that the following events occurred subsequent to the reporting period that are required to be disclosed.

On March 13, 2020 the President of the United States declared the COVID-19 outbreak to be a national emergency. Even though the outbreak occurred during the audit year, the effects of the virus are still taking place. The School introduced remote learning and free lunches for students in the upcoming fiscal year. There also could be possible funding options in the future as a result of the virus's impact. There is no clear effect the COVID-19 outbreak has on the upcoming fiscal year. Management did not consider it necessary to make any adjustment to 2020 financial information and foresees no going concern issues relating to this event.

OTHER INFORMATION

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

**Schedule of Compensation, Benefits, and
Other Payments to the Executive Director**
For the Year Ended June 30, 2020

Executive Director: Heath Murry

Purpose	Amount
Salary	\$ 92,940
Benefits - Retirement	7,435
Benefits - Insurance	3,002
Benefits - Medicare	1,278
Reimbursements	-
Travel - Conferences	969

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE**



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**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***

**Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, 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 **D'Arbonne Woods Charter School, Inc.** (a nonprofit organization, the School), 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 16, 2020.

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 have not been 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 as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

**Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-003.

D'Arbonne Woods Charter School's Response to Findings

The School's 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodard + Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 16, 2020



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

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

Report on Compliance for Each Major Federal Program

We have audited D'Arbonne Woods Charter School, Inc.'s (the School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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.

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

Opinion on Each Major Federal Program

In our opinion, D'Arbonne Woods Charter School 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, 2020.

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.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 16, 2020

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program Title/Cluster Title	CFDA No.	Pass-Through Grantor ID No.	2020 Expenditures	Passed-Through to Subrecipients
Cash and Noncash Federal Awards				
U.S. Department of Agriculture				
Passed through Louisiana Department of Education				
Child Nutrition Cluster				
Non Cash Assistance (Commodities)				
National School Lunch Program	10.565	N/A	7,777	-
Cash Assistance				
School Breakfast Program	10.553A	N/A	44,397	-
National School Lunch Program	10.555A	N/A	134,212	-
Total Child Nutrition Cluster			<u>186,386</u>	-
Total U.S. Department of Agriculture			<u>186,386</u>	-
U. S. Department of Education				
Passed through Louisiana Department of Education				
Title I Grants to Local Educational Agencies				
Title I Part A Basic (2019-20)	84.010A	28-20-T1-m1	368,808	-
Title I Direct Student Services	84.010A	28-20-DSS-m1	10,169	-
Total Title I Grants to Local Educational Agencies			<u>378,977</u>	-
Special Education Cluster				
IDEA Part B (2019-20)	84.027A	28-20-B1-m1	117,423	-
Total Special Education Cluster			<u>117,423</u>	-
Improving Teacher Quality				
Title II Part A (2019-20)	84.367A	28-20-50-m1	5,853	-
Total Improving Teacher Quality			<u>5,853</u>	-
Vocational Education–Basic Grants to States				
Carl D. Perkins Career & Technical 2018-19 Reallocation	84.048A	28-20-02-m1	7,355	-
Carl D. Perkins Career & Technical Education (2019-20)			21,723	-
Passed through to other schools			64,789	-
Total Vocational Education			<u>93,867</u>	-
Total U. S. Department of Education			<u>596,120</u>	-
Total Cash and Noncash Federal Awards			782,506	-
U.S. Department of Agriculture				
Community Facilities Loans and Grants	10.780	balance 7/1/2019	17,213,782	-
Total U.S. Department of Agriculture			<u>17,213,782</u>	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>17,996,288</u></u>	-

See Notes to Schedule of Expenditures of Federal Awards

D'ARBONNE WOODS CHARTER SCHOOL

Farmerville, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2020

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of D'Arbonne Woods Charter School, Inc. (the School) for the year ended June 30, 2020 and is presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenses when they are incurred.

Note 2 - Reconciliation of Expenditure of U.S. Department of Agriculture Funds

The *OMB Compliance Supplement* requires the balance at July 1, 2019 of the USDA Community Facilities Loans and Grants program be given as expenditures on the Schedule of Expenditures of Federal Awards while the Statements of Financial Positions at June 30, 2020 shows the year-end balance:

	Schedule of Expenditures of Federal Awards Balance			Statement of Financial Position Balance
	July 1, 2019	Additions	Retirements	June 30, 2020
USDA	<u>\$ 17,213,782</u>	<u>\$ -</u>	<u>\$ (265,391)</u>	<u>\$ 16,948,391</u>

Note 3 - Indirect Cost Rate

The School did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2020.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weaknesses? Yes None Noted

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weakness(es)? Yes None Noted

Type of auditor’s report issued on compliance for major programs: Unmodified

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

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

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
10.780	Community Facilities Loans and Grants

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section II – Financial Statement Findings and Questioned Costs

2020-001 Capital Assets

Criteria or Specific Requirement

Management of the School is responsible for establishing and maintaining accurate information on its capital assets as a means of monitoring its capital assets to ensure that those assets are locatable.

Condition Found

The School was unable to produce an inventory count of capital assets as is outlined in the School's procedures. Internal controls were in place over inventories but not operating as designed.

Cause

The COVID-19 pandemic expedited the semi-retirement of the consulting accountant. This compounded by the ensuing changing of duties and complications due to the pandemic resulted in School staff overlooking the annual inventory of capital assets.

Effect

The School's capital asset schedule may not accurately reflect actual assets belonging to the School. In addition, missing assets may not be identified in a timely manner including due to possible fraud (See Finding 2020-003).

Recommendations to Prevent Future Occurrences

The School should implement the controls they have in place and continue to monitor capital assets through a comparison of capital assets to the capital asset listing through annual inventories.

Management's Response

We concur with this finding and will implement the recommendation.

2020-002 Internal Controls over Journal Entries

Criteria or Specific Requirement

According to the Committee of Sponsoring Organizations of the Treadway Commission Report (COSO), internal controls should be designed and operating to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. Internal controls should be designed to require safeguards over cash, adequate segregation of duties over accounting functions, accurate financial information available to management timely to allow for accurate decision making and journal entries prepared and approved by two separate individuals, allowing for transparency and segregation of duties.

Conditions Found

Discrepancies between the School financials and the capital asset listing were caused by misclassifications including baseball and softball fields (\$80,001) and playground equipment (\$41,044). Also, cash receipts were posted to the cash account after the reconciliation of the cash

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

account resulting in a discrepancy between the general ledger balance and the bank reconciliation.

Cause

Internal controls were not adequately designed and operating regarding the segregation of duties of accounting functions. One person initiates, posts, and reviews journal entries including the entries causing the conditions found given above.

Effect

The School's internal control environment could be weakened thus increasing the risk of a material misstatement in the financial statements, as well as the susceptibility to potential fraud (See 2020-001). Internal controls do not allow employees in the normal course of their duties to detect and correct misstatements in a timely manner.

Recommendations to Prevent Future Occurrences

The School needs to develop written policies and procedures to ensure that journal entries are initiated, posted, and reviewed involving sufficient personnel to ensure appropriate segregation of duties.

Management's Response

We concur with this finding and will implement the recommendation.

2020-003 Misappropriation of Assets

Criteria or Specific Requirement

Louisiana Constitution of 1974 Article VII Section 14(A) prohibits the donation of public funds to any person. This would be interpreted to include theft of public funds by public servants. Additionally, internal controls should be operating to ensure timely detection and reporting of fraud.

Condition Found

A maintenance employee fraudulently misappropriated the School resources by attempting to sell extra playground equipment that was marked for disposal and used the School's monies to buy gasoline for the employee's personal vehicles. The sale of the disposed equipment was identified and reported to the Business Department. After investigation, the misappropriations of equipment and gasoline funds were identified. This led to the maintenance employee to be terminated and the misappropriation to be report to the Union Parish Sheriff's Office on August 10, 2020. The report has been drafted and the case has not been adjudicated as of the date of the Auditor's report.

The amount of misappropriation of funds are believed to be less than \$500. Additionally, the School Board notified the Louisiana Legislative Auditor on October 5, 2020 as required by Louisiana Revised Statute 24:523, but not in a timely manner.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

Cause

Internal controls were in place but not operating as designed. The employee was not submitting required supporting documentation, but the invoices were being paid. The extra playground equipment was not disposed of according to the disposal policy.

Effect

This is an immaterial loss for the year ended June 30, 2020 and 2021.

Recommendations to Prevent Future Occurrences

The School should implement the controls they have in place and continue to monitor the controls regarding receipts related to fuel card and disposal of assets. Additionally, any other occurrence the School has regarding Louisiana Revised Statute 24:523 should be reported in the appropriate time frame.

Management's Response

We concur with this finding and will implement the recommendation.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, LA

Status of Prior Year Management Letter Comment

For the Year Ended June 30, 2020

The following is a summary of the status of the prior year management letter comment included with the Huffman & Soignier (APAC) audit report dated December 20, 2019 covering the examination of the financial statements of the D'Arbonne Woods Charter School, Inc. (the School) as of and for the year ended June 30, 2019.

There were no findings for the year ended June 30, 2019.



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**Independent Accountant's Report on Applying
Agreed-Upon Procedures
For the Year Ended June 30, 2020**

**Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmville, Louisiana**

We have performed the procedures enumerated below, which were agreed to by the D'Arbonne Woods Charter School; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Charter School for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the Charter School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**General Fund Instructional and Support Expenditures and Certain Local Revenue
Sources (Schedule 1)**

1. We selected a 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

Comment: No exceptions were noted as a result of applying the agreed-upon procedures.

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.

Comment: No exceptions were noted as a result of applying the agreed-upon procedures.

**Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmville, Louisiana**

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.

Comment: exceptions were noted as a result of applying the agreed-upon procedures.

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).

Comment: exceptions were noted as a result of applying the agreed-upon procedures.

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 the Charter School, 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.

Woodard + Associates
(A Professional Accounting Corporation)
Monroe, Louisiana

December 16, 2020

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, 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.

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,151,145	
Other Instructional Staff Activities	497,063	
Instructional Staff Employee Benefits	1,482,683	
Purchased Professional and Technical Services	38,821	
Instructional Materials and Supplies	369,742	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u> </u>	\$ 5,539,454
Other Instructional Activities		98,728
Pupil Support Activities	208,102	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	<u> </u>	208,102
Instructional Staff Services	258,964	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<u> </u>	<u>258,964</u>
School Administration	166,943	
Less: Equipment for School Administration	-	
Net School Administration	<u> </u>	<u>166,943</u>
Total General Fund Instructional Expenditures (Total of Column B)		\$ <u>6,272,191</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		\$ <u>21,340</u>
<u>Certain Local Revenue Sources</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>
Nonpublic Transportation Revenue		<u>\$ -</u>

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

Class Size Characteristics
As of October 1, 2019

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	43.19%	111	36.58%	94	20.23%	52	0.00%	-
Combination Activity Classes	64.71%	11	0.00%	-	5.88%	51	29.41%	5

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.