

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Financial Report

Year Ended June 30, 2019

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OTHER LOCATIONS:

Eunice Morgan City Abbeville

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Outreach Community Development Corporation
d/b/s J.S. Clark Leadership Academy
Opelousas, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Outreach Community Development Corporation, d/b/a J.S. Clark Leadership Academy (the Academy) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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 Academy as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 27 is presented for purposes of additional analysis 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 is also not a required part of the basic 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. Such 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, 2019, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Academy's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
December 16, 2019

FINANCIAL STATEMENTS

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Statement of Financial Position
June 30, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 142,137
Receivables:	
Federal grants	180,885
Other	77,666
Prepaid items	<u>50,528</u>
Total current assets	451,216

PROPERTY AND EQUIPMENT, NET	<u>782,153</u>
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TOTAL ASSETS	<u><u>\$ 1,233,369</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 29,495
Funds held in custody for others	22,023
Accrued payroll and related liabilities	82,591
Accrued compensated absences payable	11,403
Current portion of capital lease obligations	49,591
Current portion of long-term debt	<u>69,198</u>
Total current liabilities	<u>264,301</u>

LONG-TERM LIABILITIES

Capital lease obligations, net of current portion	42,887
Long-term debt, net of current portion	<u>296,534</u>
Total long-term liabilities	<u>339,421</u>
Total liabilities	603,722

NET ASSETS

Without donor restrictions:	
Available for operations	(60,028)
Invested in property and equipment, net of related debt	<u>689,675</u>
Total net assets	<u>629,647</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,233,369</u></u>
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The accompanying notes are an integral part of this statement.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Statement of Activities
Year Ended June 30, 2019

NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES AND SUPPORT	
Minimum Foundation Program	\$ 2,016,989
Contributions	520
Erate and other	<u>96,226</u>
Total revenues and support without donor restrictions	2,113,735
Net assets released from donor restrictions	<u>1,162,775</u>
TOTAL REVENUES, SUPPORT AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>3,276,510</u>
EXPENSES	
Program services:	
Instructional	1,639,869
Non-instructional	358,133
Support services:	
Management and general	<u>1,197,273</u>
TOTAL EXPENSES	<u>3,195,275</u>
Increase in net assets without donor restrictions	<u>81,235</u>
NET ASSETS WITH DONOR RESTRICTIONS	
REVENUES AND SUPPORT	
Federal grants:	
21st Century Community Learning Center	479,765
Carl D. Perkins Secondary	25,000
IDEA - Part B	55,639
Jobs for Americas Graduates	78,021
National School Lunch Program	124,775
Teacher and School Leader Incentive Grants	131,786
Title I Grants to Local Educational Agencies	171,691
Title IV Student Support and Academic Enrichment	11,577
State grants:	
Education Excellence	5,246
Other	4,000
Uniforms and fees	<u>75,275</u>
TOTAL REVENUES AND SUPPORT WITH DONOR RESTRICTIONS	1,162,775
Net assets released from donor restrictions	<u>(1,162,775)</u>
Change in net assets with donor restrictions	<u>-</u>
INCREASE IN NET ASSETS	81,235
NET ASSETS AT BEGINNING OF YEAR	<u>548,412</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 629,647</u></u>

The accompanying notes are an integral part of this statement.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Statement of Functional Expenses
Year Ended June 30, 2019

	<u>Program Services</u>		<u>Support Services</u>	
	<u>Instructional</u>	Non- <u>instructional</u>	<u>Management and General</u>	<u>Total</u>
Salary	\$1,021,766	\$ 35,096	\$ 550,930	\$1,607,792
Payroll taxes	74,846	1,091	37,899	113,836
Employee benefits	61,903	264	53,284	115,451
Technical and professional services	237,075	9,769	81,845	328,689
Materials and supplies	152,879	-	72,633	225,512
Food services	-	194,361	-	194,361
Depreciation	-	-	99,950	99,950
Transportation	34,173	112,700	-	146,873
Insurance	-	-	71,065	71,065
Small tools and equipment	42,551	-	44,033	86,584
Travel	8,733	-	16,851	25,584
Repairs and maintenance	-	-	23,875	23,875
Rent	-	-	20,187	20,187
Postage, internet and telephone	-	-	35,922	35,922
Interest	-	-	27,837	27,837
Utilities	-	-	38,917	38,917
Other and miscellaneous	5,943	4,852	22,045	32,840
	<u>\$1,639,869</u>	<u>\$ 358,133</u>	<u>\$ 1,197,273</u>	<u>\$3,195,275</u>

The accompanying notes are an integral part of this statement.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Statement of Cash Flows
Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 81,235
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	99,950
(Increase) decrease in-	
Federal grants receivable	(40,113)
Other receivables	(75,455)
Prepaid expenses	(18,803)
Increase (decrease) in -	
Accounts payable	2,664
Funds held in custody for others	(1,365)
Accrued payroll and related liabilities	701
Accrued compensated absences	<u>3,083</u>
Net cash provided by operating activities	51,897

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(176,490)</u>
Net cash used by investing activities	(176,490)

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in line of credit	(76,278)
Proceeds from long-term debt	70,000
Principal payments on capital lease obligations	(78,972)
Principal payments on long-term debt	<u>(27,469)</u>
Net cash used by financing activities	<u>(112,719)</u>

Net decrease in cash (237,312)

Cash at beginning of year 379,449

Cash at end of year \$ 142,137

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest \$ 27,837

The accompanying notes are an integral part of this statement.

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OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Outreach Community Development Corporation was incorporated in January 2006, as a non-profit corporation under the laws of the State of Louisiana. The Louisiana State Board of Elementary and Secondary Education (BESE) granted the Corporation a Type 2 Charter to operate J.S. Clark Leadership Academy (the Academy), pursuant to Louisiana Revised Statute 17:3971 et seq. The charter was initially valid through June 2017 and has been extended to June 2020. BESE is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at their expiration or terminate the contract prior to expiration. The Academy's mission is to develop young adults through Project-Based Learning. The Academy started the 2018-2019 school year with approximately 268 students.

Basis of Accounting

The accompanying financial statements of the Academy have been prepared on the accrual basis of accounting which follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification No. 958-205, Not-for-Profit Entities – Presentation of Financial Statements.

Under FASB ASC 958-205, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Academy and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Academy did not have any donor restricted net assets at June 30, 2019.

Revenue and Revenue Recognition

The Academy receives a significant portion of its revenue from the Louisiana State Department of Education and the United States Department of Education.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. 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.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Academy. The Academy receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statements of activities because the criteria for recognition under FASB ASC 958-605-25 have not been satisfied.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Exemption

The Academy is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the Academy does not qualify as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. However, should the Academy engage in activities unrelated to its exempt purpose, taxable income could result. The Academy had no material unrelated business income for the fiscal year under audit. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Academy has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the requirements of ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements.

Fair Value of Financial Instruments

The Academy defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Academy's financial statements include cash and cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short-term maturity and characteristics of these instruments. None of the financial instruments are held for trading purposes.

Cash

For the purposes of the statement of cash flows, cash consists of cash on hand, demand deposit and savings accounts. The Academy typically maintains cash in local banks that may, at times, exceed Federal Deposit Insurance Corporation insurance limits of \$250,000. At June 30, 2019, the Academy had cash balances of \$27,369 that were uninsured. Management, however, believes the credit risk associated with these deposits is minimal.

Receivables

Receivables are stated at the amount management expects to collect. Management considers all amounts to be collectible; therefore, no allowance has been recorded at June 30, 2019.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All property and equipment are capitalized that have a cost or estimated cost of \$5,000 or more. Expenses for additions, major renewals, and betterments are capitalized. Expenses for maintenance and repairs are charged to expense as incurred. Donations of property and equipment are recorded as support at their estimated fair market value and are reported as without donor restrictions unless the donor has restricted the donated assets for a specific purpose. Property acquired with grant funds are disposed of in accordance with grantor requirements. Depreciation is computed using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	7 - 30
Furniture and equipment	3 - 7
Vehicles	5

Functional Allocation of Expenses

The statement of activities presents expenses of the Academy's operations functionally between instructional, non-instructional and management and general. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$1,323 for the fiscal year ended June 30, 2019.

Paid Time Off (PTO)

The Academy's PTO policy states instructional staff members can earn up to ten days of vacation and sick leave during the fiscal year, are not allowed to carryover unused vacation and sick days from year to year, and are not to be paid for unused vacation or sick days at employment termination. Therefore, no amounts have been accrued at year end related to instructional staff vacation and sick leave.

At June 30, 2019, the Academy had \$11,403 in accrued sick leave related to the Chief Executive Director, whose contract provides for payout of accrued sick leave upon termination.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities" in 2016. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Academy adopted ASU 2016-14 during the fiscal year ended June 30, 2019. The adoption of ASU 2016-14 had no impact on the Organization's total net assets.

Subsequent Events

Subsequent events were evaluated through December 16, 2019, which is the date the financial statements were available to be issued.

NOTE 2 AVAILABILITY AND LIQUIDITY

The following reflects the Academy's financial assets available for general use within one year as of June 30, 2019:

<u>Financial assets at year end:</u>	
Cash and cash equivalents	\$ 142,137
Federal grants receivable	180,885
Other receivables	77,666
Prepaid items	<u>50,528</u>
Total financial assets	451,216
<u>Less: those unavailable for general expenditures</u>	
<u>within one year, due to:</u>	
Restricted for debt repayment	<u>(62,456)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 388,760</u>

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment acquired by the Academy are considered to be owned by the Academy. However, the State of Louisiana maintains the title to the property and equipment purchased in whole or in part under contracts/grants funded by the State of Louisiana. The State has the right to require the transfer of the property and equipment (including the title) to the State or to an eligible non-state party named by the State. Such transfer may occur at any time.

Property and equipment consisted of the following at June 30, 2019:

Assets not being depreciated:

Land	\$ 90,000
Construction in progress	<u>32,806</u>
Total assets not being depreciated	122,806

Assets being depreciated:

Building and improvements	745,249
Furniture and equipment	519,686
Vehicles	<u>32,450</u>
Total assets being depreciated	1,297,385
Less accumulated depreciation	<u>(638,038)</u>
Assets being depreciated, net	<u>659,347</u>
Total assets, net	<u><u>\$ 782,153</u></u>

Total depreciation expense for the fiscal year ended June 30, 2019 was \$99,950.

As of June 30, 2019, the Academy had capitalized equipment acquired through capital leases with a cost of \$416,267 and corresponding accumulated amortization of \$261,492. Amortization expense for these assets was \$53,542 for the year. Amortization is included in the calculation of depreciation expense.

NOTE 4 FEDERAL GRANTS RECEIVABLE

Federal grants receivable consisted of the following at June 30, 2019:

U.S. Department of Agriculture:

Passed through the Louisiana Department of Education	\$ 10,597
U.S. Department of Education:	
Passed through the Louisiana Department of Education	<u>170,288</u>
	<u><u>\$ 180,885</u></u>

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 5 FUNDS HELD IN CUSTODY

Collections from student activities are funds under the supervision of the Academy; however, these funds belong to the student body and are not available for use in operations. At June 30, 2019 the Academy held \$22,023 in an agency capacity.

NOTE 6 LINE OF CREDIT

The Academy has a variable interest rate (prime plus 1.5%, or 7.25%) revolving line of credit with a borrowing limit of \$220,000 and an outstanding balance of \$0 at June 30, 2019. The line of credit is payable on demand and is collateralized by the Academy's deposits held with the creditor's institution. The note was renewed on August 30, 2018 and matures on August 30, 2020.

NOTE 7 LONG-TERM DEBT

Long-term debt consisted of the following notes payable at June 30, 2019:

Note payable in the original amount of \$382,500, bearing interest at 4%, payable in monthly installments of \$2,840 through September 2019, and a balloon payment of \$282,613 in October 2019. The Academy has intentions of refinancing the balloon payment subsequent to year-end. The mortgage is collateralized by real estate.	\$ 287,271
Note payable in the original amount of \$25,184, bearing interest at 5.25%, payable in monthly installments of \$478 through February 2021. The note is collateralized by a van.	9,132
Note payable in the original amount of \$70,000, bearing interest at 6.25%, payable in monthly installments of \$515 through September 2023. The note is collateralized by real estate.	<u>69,329</u>
	365,732
Less current portion	<u>(69,198)</u>
Long-term portion	<u><u>\$ 296,534</u></u>

Maturities of long-term debt are as follows:

2020	69,198
2021	62,074
2022	58,456
2023	58,593
2024	<u>117,411</u>
Total long-term debt	<u><u>\$ 365,732</u></u>

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 8 CAPITAL LEASE OBLIGATIONS

Capital lease obligations consisted of the following at June 30, 2019:

\$125,354 capital lease obligation, interest at 6% and due in monthly installments of \$340, including interest through January 2020.	22,720
\$36,929 capital lease obligation, interest at 4% and due in monthly installments of \$1,008, including interest through February 2020.	8,080
\$55,061 capital lease obligation, interest at 4% and due in monthly installments of \$723, including interest through July 2019.	846
\$11,865 capital lease obligation, interest at 4% and due in monthly installments of \$267, including interest through September 2020.	3,944
\$24,973 capital lease obligation, interest at 4% and due in monthly installments of \$562, including interest through October 2022.	21,098
\$27,684 capital lease obligation, interest at 4% and due in monthly installments of \$623, including interest through April 2023.	26,620
\$9,732 capital lease obligation, interest at 4% and due in monthly installments of \$219, including interest through March 2023.	<u>9,170</u>
	92,478
Less current portion	<u>(49,591)</u>
Long-term portion	<u>\$ 42,887</u>

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 8 CAPITAL LEASE OBLIGATIONS (CONTINUTED)

Future principal and interest payments on the capital leases are as follows:

2020	52,092
2021	17,695
2022	16,848
2023	<u>10,692</u>
	97,327
Less: interest payments	<u>(4,849)</u>
Total principal payments	<u>\$ 92,478</u>

See Note 3 for the related property and equipment amounts.

NOTE 9 RETIREMENT PLAN

The Academy sponsors a 401(k) Plan which covers regular full-time employees of the Academy immediately upon employment. Participants are fully vested after three years of service. Employees may contribute up to the lesser of \$19,000 or 90% of includable compensation. Employer contributions are discretionary and amounted to \$19,802 for the year ended June 30, 2019.

NOTE 10 CONCENTRATIONS

The Academy receives the majority of its operating revenue from state and federal grants passed through the Louisiana Department of Education. The continuation of the Academy is contingent upon legislative appropriations or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies for the continuation of the charter contact, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriations for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract. The contract shall terminate on the date of the beginning of the first fiscal year of which the funds are not appropriated. The percentage of revenue and receivables from these sources are as follows:

	Revenue	Receivables
Minimum foundation program	62%	0%
Federal grants	33%	70%

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Financial Statements

NOTE 11 LEASE COMMITMENT

On August 1, 2018, the Academy entered into several operating lease agreements for student transportation with a third-party vendor. These lease agreements are payable in twelve monthly installments for the term of the leases. The agreements require the Academy to provide liability and physical damage insurance coverage of the leased assets (school busses). The monthly rent under these obligations is \$9,600. The total rent paid during the year ended June 30, 2019 was 113,600.

NOTE 12 PENDING LITIGATION

The Outreach Community Development Corporation is presently a defendant in a lawsuit arising from the acquisition of property. The Corporation's legal counsel has reviewed the claim to evaluate the likelihood of an unfavorable outcome. It is the opinion of management, after conferring with legal counsel, that the liabilities, if any, which might arise from these lawsuits would not have a material adverse effect on the Academy's financial position.

SUPPLEMENTARY INFORMATION

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Year Ended June 30, 2019

Agency Head Name: Tiffanie Lewis

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 150,171
Benefits - insurance	18,655
Benefits - retirement	3,003
Cell phone	2,588
Expense allowance	3,600
Travel allowance	4,500
Conference travel	<u>1,052</u>
Total	<u>\$ 183,569</u>

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**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

OTHER LOCATIONS:

Eunice Morgan City Abbeville

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
Outreach Community Development Corporation
d/b/s J.S. Clark Leadership Academy
Opelousas, 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 Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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. accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document; therefore its distribution is not limited.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
December 16, 2019

Independent Auditor's Report on Compliance for each
Major Program and on Internal Control over Compliance
Required by the *Uniform Guidance*

To the Board of Directors of
Outreach Community Development Corporation
d/b/s J.S. Clark Leadership Academy
Opelousas, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy's 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 Academy's major federal programs for the year ended June 30, 2019. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements, laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy'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 Academy'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 Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, the Academy 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, 2019.

Report on Internal Control over Compliance

Management of the Academy 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 Academy'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 Academy'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.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
December 16, 2019

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program Name	Grantor Project Number	CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Louisiana Department of Education:			
Child Nutrition Cluster - School Breakfast Program		10.553	40,459
Child Nutrition Cluster - School Lunch Program		10.555	68,275
Total Child Nutrition Cluster			<u>108,734</u>
Child and Adult Care Food Program		10.558	16,041
Total U.S. Department of Agriculture			<u>124,775</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed through the Louisiana Department of Education:			
Jobs for Americas Graduates (JAG)		93.558	78,021
Total U.S. Department of Health & Human Services			<u>78,021</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	28-19-T1-vn	84.010A	166,600
Title I Direct Student Services	28-19-DSS-vn	84.010	5,091
Individuals with Disabilities Education Act (IDEA) Part B 611		84.027A	55,639
21st Century Community Learning Center		84.287C	479,765
Title IV Student Support and Academic Enrichment		84.424A	11,577
Teacher and School Leader Incentive Grants		84-374A	104,541
PBCS Teacher Incentive Fund		84-374A	18,119
Rurual Implementation TIF		84.374A	9,125
Total U.S. Department of Education			<u>850,457</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,053,253</u>

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy (the Academy) under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position or changes in net assets of the Academy.

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 4 INDIRECT COST RATE

The Academy has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2019

2018-001 Noncompliance with the Louisiana Local Government Budget Act

Status: This finding has been resolved. No current year findings were noted.

2018-002 Noncompliance with the Louisiana Open Meetings Law

Status: This finding has been resolved. No current year findings were noted.

2018-003 Internal Controls over Allowable Costs (21st CCLC)

Status: This finding has been resolved. No current year findings were noted.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2019

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy's financial statements as of and for the year ended June 30, 2019.

Deficiencies in Internal Control – Financial Reporting

There were no deficiencies in internal control over financial reporting noted during the audit.

Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Auditor's Report – Major Programs

An unmodified opinion has been issued on Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy's compliance with the requirements of its major programs as of and for the year ended June 30, 2019.

Risk Consideration

The Academy was considered a low-risk auditee for the year ended June 30, 2019.

Major Programs – Identification:

21st Century Community Learning Centers (21st CCLC) CFDA 84.287C

Program Type Determination

The dollar threshold to distinguish between Type A and Type B programs was \$750,000 for the fiscal year ended June 30, 2019. The Academy had no Type A programs for the year.

Deficiencies in Internal Control – Major Programs

Our consideration of internal control over major programs disclosed no instances of internal control deficiencies.

Noncompliance – Major Programs

The results of our tests on compliance for each major program disclosed no instances of noncompliance.

MANAGEMENT LETTER

A management letter was not issued for the fiscal year ended June 30, 2019.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Findings and Responses (Continued)
Year Ended June 30, 2019

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

This section is not applicable for the year ended June 30, 2019

Part 3: Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended June 30, 2019

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2019

This section is not applicable for the year ended June 30, 2019

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Outreach Community Development Corporation
d/b/s J.S. Clark Leadership Academy
Opelousas, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy (the Academy), 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 Academy for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education, in compliance with Louisiana Revised Statute 24:514.1. Management of the Academy 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, and
 - Nonpublic Transportation Revenue.

The Academy does not receive local taxation revenue, local earnings on investment in real property, state revenue in lieu of taxes, nonpublic textbook revenue, or nonpublic transportation revenue.

Exceptions Noted: None

Class Size Characteristics (Schedule 2)

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

Exceptions Noted: None

Education Levels/Experience of Public School Staff (No Schedule)

3. We obtained October 1 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.

Procedures indicated testing a random sample of 25 teachers. However, the Academy only employed 17 teachers as of October 1, 2018; therefore, we tested the entire population.

Exceptions Noted: We noted that the experience level of one of the employees tested was not updated since the previous period. Per management, this was an erroneous error when inputting the new experience level into the PEP system.

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained June 30 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).

Procedures indicated testing a random sample of 25 teachers. However, the Academy only employed 18 teachers as of year-end; therefore, we tested the entire population.

Exceptions Noted: We noted that the payroll data for eight of the employees tested did not agree to the PEP report as of June 30, 2019. Based on further procedures performed and discussions with management, it was determined that all eight of these employees had income from the Teacher Incentive Fund (TIF) grant. This income had been properly reported as performance pay in the PEP system; however, these amounts were not properly reported as part of total salary. As such, these amounts were not presented on the PEP report as of June 30, 2019 and caused the discrepancies. Management has spoken with the State Board of Elementary and Secondary Education to confirm proper reporting of this type of income and have now adjusted their reporting policies. Additionally, we noted two of the eight employees with TIF grant income also had insignificant differences due to erroneous input in the PEP system.

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 Outreach Community Development Corporation D/B/A J.S. Clark Leadership Academy, as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

December 16, 2019

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule 1 – General Fund Instructional and Support
Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 458,397	
Other Instructional Staff Activities	29,956	
Instructional Staff Employee Benefits	73,718	
Purchased Professional and Technical Services	122,142	
Instructional Materials and Supplies	62,263	
Instructional Equipment	4,418	
Total Teacher and Student Interaction Activities		\$ 750,894

Other Instructional Activities 96,096

Pupil Support Activities	30,613	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		30,613

Instructional Staff Services	98,706	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		98,706

School Administration	408,462	
Less: Equipment for School Administration	-	
Net School Administration		408,462

Total General Fund Instructional Expenditures \$ 1,384,771

Total General Fund Equipment Expenditures \$ 4,666

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Taxes	-
Debt Service Ad Valorem Taxes	-
Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ -

Local Earnings on Investments in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Tax	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ -

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See Independent Accountant's Report on Applying Agreed-upon Procedures

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule 2 – Class Size Characteristics
As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Elementary Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination	94.2%	81	4.7%	4	1.2%	1	0.0%	-
Combination Activity Classes	71.4%	10	7.1%	1	7.1%	1	14.3%	2

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.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Outreach Community Development Corporation
D/B/A J.S. Clark Leadership Academy
Opelousas, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Outreach Community Development Corporation, D/B/A J.S. Clark Leadership Academy (the Academy) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained and address the functions noted above.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Written policies and procedures were obtained and address all of the functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Written policies and procedures were obtained and address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Written policies and procedures were obtained and address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and address the functions noted above.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and address the functions noted above.

Collections

- 3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
Obtained listing of cash collection locations and management's representation that listing is complete.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

Written documentation was obtained and address the functions noted above.

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Written documentation was obtained and address the functions noted above.

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Written documentation was obtained and address the functions noted above.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Written documentation was obtained and address the functions noted above.

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

Employees that are responsible for collecting cash are bonded.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

No exception noted.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exception noted.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exception noted.

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

No exception noted.

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

- 8. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

- 9. Using the listing prepared by management, randomly select 5 cards (or all cards if the entity has less than 5 cards) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Monthly statements were obtained and for one monthly statement no approval was noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Monthly statements were obtained and for one monthly statement finance charges were assessed.

- 10. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Some transactions tested were not supported by an original itemized receipt. Some transactions tested had no written documentation of the business/public purpose.

Debt Service (excluding nonprofits)

The Academy is a nonprofit; therefore, this section is not applicable.

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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
December 16, 2019



Outreach Community Development Corporation JS Clark Leadership Academy

"Learners Today, Leaders Tomorrow"

1517 Statesman Rd. Opelousas, LA 70570 (337) 948-3112 office

Tiffanie M. Lewis,
CEO & Head of Schools



December 16, 2019

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants
Lafayette, Louisiana

The following is management's response to the 2018-2019 AUP report submitted for the Outreach Community Development Corporation D/B/A J.S. Clark Leadership Academy.

CREDIT CARDS

12. a) Statements need approval.

Response: Credit card statements will have written approval.

12. b) Finance charges incurred.

Response: Credit card policies and procedures including assessment of finance charges will be reviewed and enforced for compliance.

13. 1) Original itemized receipt.

Response: Credit card policies and procedures including retaining original itemized receipts will be reviewed and enforced for compliance.

Signature Ashley Lewis Date 12/18/2019

Title Board President

Signature Tiffanie Lewis Date 12/18/19

Title CEO