

**FOUNDATION PREPARATORY CHARTER SCHOOL**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Foundation Preparatory Charter School

### Report on the Financial Statements

We have audited the accompanying financial statements of Foundation Preparatory Charter School (a non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, 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 the 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.

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 Foundation Preparatory 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**

### *Other Information*

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

The Performance and Statistical Data are not required parts of the basic financial statements but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2020, on our consideration of Foundation Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Foundation Preparatory Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation Preparatory Charter School's internal control over financial reporting and compliance.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC  
Baton Rouge, LA

September 19, 2020

**FOUNDATION PREPARATORY CHARTER SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 652,325	\$ 406,919
Accounts receivable, net	512,437	88,648
Prepaid expenses	-	12,977
Total Current Assets	<u>1,164,762</u>	<u>508,544</u>
Property and Equipment		
Equipment	23,671	23,671
Less: accumulated depreciation	(23,671)	(21,645)
Total Property and Equipment	<u>-</u>	<u>2,026</u>
Total Assets	<u>\$ 1,164,762</u>	<u>\$ 510,570</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 22,639	\$ 29,657
Accrued expenses	160,699	185,204
Accrued wages and payroll taxes	65,437	32,188
Total Current Liabilities	<u>248,775</u>	<u>247,049</u>
Total Liabilities	248,775	247,049
Net Assets		
Net assets without donor restrictions	894,654	222,044
Net assets with donor restrictions	21,333	41,477
Total Net Assets	<u>915,987</u>	<u>263,521</u>
Total Liabilities and Net Assets	<u>\$ 1,164,762</u>	<u>\$ 510,570</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Minimum Foundation Program	\$ 2,695,212	\$ -	\$ 2,695,212
Federal Grants	623,127	-	623,127
State Grants	96,980		96,980
Private Grants	200,000	400,000	600,000
PPP Loan Forgiveness	266,000	-	266,000
Other Income	91,797	-	91,797
Changes in net asset restrictions:			
Released from restrictions	420,144	(420,144)	-
<b>Total Revenues</b>	<b>4,393,260</b>	<b>(20,144)</b>	<b>4,373,116</b>
<b>EXPENSES</b>			
Program expenses	3,327,055	-	3,327,055
General and administrative	393,595	-	393,595
<b>Total Expenses</b>	<b>3,720,650</b>	<b>-</b>	<b>3,720,650</b>
<b>CHANGE IN NET ASSETS</b>	<b>672,610</b>	<b>(20,144)</b>	<b>652,466</b>
Net assets - beginning of year	222,044	41,477	263,521
Net assets - end of year	<u>\$ 894,654</u>	<u>\$ 21,333</u>	<u>\$ 915,987</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Minimum Foundation Program	\$ 1,637,890	\$ -	\$ 1,637,890
Federal Grants	227,457	-	227,457
State Grants	5,459	-	5,459
Contributions	79,398	-	79,398
Private Grants	50,000	-	50,000
Other Income	48,079	-	48,079
Changes in net asset restrictions:			
Released from restrictions	3,173	(3,173)	-
<b>Total Revenues</b>	<b>2,051,456</b>	<b>(3,173)</b>	<b>2,048,283</b>
<b>EXPENSES</b>			
Program expenses	1,937,060	-	1,937,060
General and administrative	277,282	-	277,282
<b>Total Expenses</b>	<b>2,214,342</b>	<b>-</b>	<b>2,214,342</b>
<b>CHANGE IN NET ASSETS</b>	<b>(162,886)</b>	<b>(3,173)</b>	<b>(166,059)</b>
Net assets - beginning of year	384,930	44,650	429,580
Net assets - end of year	<u>\$ 222,044</u>	<u>\$ 41,477</u>	<u>\$ 263,521</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Expenses	General & Administrative	Total
Contribution	\$ 400,000	\$ -	\$ 400,000
Curriculum materials and software	26,045	-	26,045
Depreciation	1,621	405	2,026
Employee benefits	211,499	22,181	233,680
Food service	209,359	-	209,359
Insurance	38,802	9,700	48,502
Payroll taxes	128,948	17,714	146,662
Recruiting	14,658	-	14,658
Repairs and maintenance	121,297	30,324	151,621
Salaries	1,600,217	77,803	1,678,020
Supplies	10,329	13,512	23,841
Technical and professional services	208,950	197,824	406,774
Transportation	257,575	-	257,575
Travel	1,228	-	1,228
Utilities	96,527	24,132	120,659
	<u>\$ 3,327,055</u>	<u>\$ 393,595</u>	<u>\$ 3,720,650</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program Expenses</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Curriculum materials and software	\$ 53,453	\$ -	\$ 53,453
Depreciation	4,745	1,186	5,931
Employee benefits	136,654	11,378	148,032
Food service	117,251	-	117,251
Insurance	27,946	6,986	34,932
Payroll taxes	78,300	5,764	84,064
Recruiting	29,687	-	29,687
Rent	12,574	3,143	15,717
Repairs and maintenance	58,199	14,550	72,749
Salaries	937,735	60,535	998,270
Supplies	8,303	11,198	19,501
Technical and professional services	229,086	142,688	371,774
Transportation	150,569	-	150,569
Travel	13,144	-	13,144
Utilities	79,414	19,854	99,268
	<u>\$ 1,937,060</u>	<u>\$ 277,282</u>	<u>\$ 2,214,342</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 652,466	\$ (166,059)
<u>Adjustments to reconcile net revenues over expenses to net cash used in operating activities:</u>		
Forgiveness of debt	(266,000)	-
Depreciation	2,026	5,931
(Increase) decrease in accounts receivable	(423,789)	25,356
(Increase) decrease in prepaid expenses	12,977	(3,677)
Increase (decrease) in accounts payable	(7,018)	1,689
Increase (decrease) in accrued expenses	(24,505)	92,808
Increase in accrued wages and payroll taxes	33,249	2,751
Total adjustments	<u>(673,060)</u>	<u>124,858</u>
Net cash used in operating activities	(20,594)	(41,201)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(2,222)
Net cash used in investing activities	-	(2,222)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from debt	<u>266,000</u>	-
Net cash provided by financing activities	<u>266,000</u>	-
<b>INCREASE (DECREASE) IN CASH</b>	245,406	(43,423)
<b>CASH, BEGINNING OF YEAR</b>	<u>406,919</u>	<u>450,342</u>
<b>CASH, END OF YEAR</b>	<u>\$ 652,325</u>	<u>\$ 406,919</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**1. Summary of Significant Accounting Policies**

(a) Organization

Foundation Preparatory Charter School (the School) was incorporated on December 17, 2013 as a non-profit corporation under the laws of the State of Louisiana. The school was approved as a Type 1 charter by the Orleans Parish School Board on July 22, 2014. The School first opened for students beginning with the 2015-2016 school year. The charter contract was effective for an initial period of five years and terminated on June 30, 2020.

Effective July 1, 2020 the organization's primary purpose is to raise funds and assist the development of Community Academies of New Orleans (CANO).

(b) Basis of Accounting

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

*Net Assets Without Donor Restrictions* are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

*Net Assets With Donor Restrictions* are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions. The School has net assets with donor restrictions of \$21,333 and \$41,477, respectively for the years ended June 30, 2020 and 2019.

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

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP). The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The allocation calculation is primarily based on the student enrollment at the School and is recognized monthly when received.

Federal and state funds are passed through the Louisiana Department of Education. The School's federal grant funding is on a cost reimbursement basis and is recognized as earned once the expenditures have been incurred.

The School received additional federal funding in the form of forgivable SBA loan for the purpose of maintaining the School's staffing during the Covid-19 Pandemic of 2020. This funding was issued as a loan with stipulations that the loan would be forgivable up to the full amount of the loan if the funds were used for particular expenditures. As of June 30, 2020, the School feels that it has substantially met the conditions and, as such, has recognized the loan amount as revenue.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (continued)**

(c) Revenues (continued)

The School receives private funding in the form of contributions from various individuals and entities. Contributions are recognized when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The School does not have any activity that would give rise to variable consideration.

(d) Cash

Cash consists of bank deposits held with financial institutions and cash on hand.

(e) Accounts and Grants Receivable

Accounts receivable represent amounts due under federal and state grant programs as well as contributions. The grant programs are reimbursable in nature and revenue is recognized as a receivable once the expenditures are incurred. Contributions are recognized at estimated fair value when the donor makes a pledge to give when it is an unconditional promise. The School does not recognize a conditional promise to give until the conditions upon which the promise depends are substantially met.

(f) Functional Expenses

The School allocates its expenses on a functional basis between program service or general and administrative. Expenses that can be identified with the school curriculum are allocated directly according to their natural expense classification. Other expenses are allocated between program service and general and administrative based on management's estimate of time, percentage, or square footage used, among other factors.

(g) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School files information returns in the U.S. federal jurisdiction. The School is not subject to U.S. federal income tax examinations by tax authorities beyond three years from the filing of those returns.

(h) Use of Estimates

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

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (continued)**

**(i) Recently Issued Account Standards**

Effective July 1, 2019, the School adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". This ASU and all subsequently issued clarifying ASUs replaced most revenue recognition guidance in U.S. GAAP and addresses how an entity should recognize revenue derived from various contracts with customers that generate revenue, along with requiring additional disclosures related to the nature, amount, and timing of revenue and cash flows arising from contracts with customers. Primarily, the update requires the organization to evaluate the various performance obligations related to its contracts with customers, allocate the transaction price to the various performance obligations, and recognize revenue as performance obligations are satisfied. The standard was adopted using the modified retrospective method.

Effective July 1, 2019, the School adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves the guidance for contributions received and contributions made, and provides guidance to organizations on how to account for transactions as contributions or exchange transactions. In addition, it clarifies whether a contribution is conditional.

The adoption of these standards did not result in any changes to beginning net assets at July 1, 2019. Based on the School's evaluation process and review of its grant contracts and contribution award documentation, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standards.

**2. Concentrations**

At various times during the year, the School maintained cash balances in its bank accounts in excess of FDIC insurable limits. In evaluating this credit risk, the School periodically evaluated the stability of these financial institutions.

The School receives the majority of its operating revenue from the State of Louisiana and the OPSB in the form of MFP funding. The School also receives grants from federal agencies, state agencies, and private foundations. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

	<u>Revenue</u>	<u>Receivables</u>
<b>2020</b>		
MFP	62%	N/A
Federal Grants	14%	81%
State Grants	N/A	19%
Private Grants	14%	N/A

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**2. Concentrations (continued)**

<b>2019</b>	<u>Revenue</u>	<u>Receivables</u>
MFP	80%	N/A
Federal Grants	11%	94%
State Grants	N/A	N/A

**3. RSD Facilities Agreement**

In June of 2017, the School entered into an agreement with the Recovery School District (RSD) and Collegiate Academies (CA) to partake in a shared space agreement. Under this agreement RSD will provide the School with adequate building space to conduct school activities for two years.

The agreement with RSD stipulates that the School will pay 35% (not to exceed \$140,000 for the period covering July 1, 2018 to June 30, 2019) of the services procured by CA. These services are required to manage and operate the school. The School has the option to cancel the agreement at any time without any obligation to continue payments. This agreement terminated on June 30, 2019, and was not renewed for any subsequent years.

**4. Property and Equipment**

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the least term. The useful lives range from three to forty years. The School's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred.

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

**5. Compensated Absences**

Employees earn paid time off based on various factors such as length of service and job title. Any unused paid time off is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2020 or 2019.

**6. Commitments and Contingencies**

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grant will not result in any disallowed costs.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**7. Net Assets with Donor Restrictions**

For the school year ended June 30, 2018, the school received a grant of \$50,000 from New Schools Venture Funds for the benefit of PREP Community Schools. PREP Community Schools is an organization being developed as a multi-state CMO by the School's Executive Director. The School is acting as a fiduciary agent for PREP and is restricted to using the funds for support activities for PREP as detailed in the grant agreement. During the years ended June 30, 2020 and 2019, the School spent \$20,143 and \$3,173, respectively of the grant for its intended purpose. This left a net assets with donor restrictions balance of \$21,333 and \$41,477 at June 30, 2020 and 2019, respectively.

**8. Liquidity and Availability of Financial Assets**

The following reflects the School's financial assets as of the statement of financial position date within one year of the statement of financial position date.

Financial Assets at Year End:	2020	2019
Cash	\$ 652,325	\$ 406,919
Accounts Receivable, net	512,437	88,648
Unavailable due to donor-imposed restrictions	<u>(21,333)</u>	<u>(41,477)</u>
Financial Assets Available for General Expenditures	<u>\$ 1,143,429</u>	<u>\$ 456,109</u>

As part of the School's liquidity management, cash is kept in various checking accounts that can be accessed to meet daily needs of the organization.

**9. Subsequent Event**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 19, 2020, which is the date the financial statements were available to be issued.

**COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, the organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**9. Subsequent Event (Continued)**

**CANO**

Effective July 1, 2020 the School consolidated with two other charter schools to form CANO. The charter was approved by the OPSB and will terminate on June 30, 2025, unless extended upon the results of a review by the OPSB of CANO's operations and compliance. Going forward, the organization will focus on providing administrative and financial support to assist CANO in the fulfillment of its mission statement and vision.

**10. Reclassification**

Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO THE SCHOOL LEADER  
FOR THE PERIOD ENDED JUNE 30, 2020**

School Leader:

M. King

Salary	\$ 34,113
Benefits - Insurance	1,454
Benefits - Retirement	7,956
Reimbursements	758
	<u>\$ 44,281</u>

See accompanying notes and independent auditors' report.

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## 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  
Foundation Preparatory Charter School  
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation Preparatory Charter School (a non-profit organization), 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, and have issued our report thereon dated September 19, 2020.

### Internal Control Over Financial Reporting

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, and others within the organization, the Legislative Auditor, and 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.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC  
Baton Rouge, LA

September 19, 2020

**FOUNDATION PREPARATORY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE PERIOD ENDED JUNE 30, 2020**

We have audited the financial statements of Foundation Preparatory Charter School, as of June 30, 2020, and for the year then ended, and have issued our report thereon dated September 19, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Summary of Auditors' Reports**

*Financial Statements*

Type of auditors' report issued:	Unqualified
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Findings - Financial Statement Audit**

There are no findings for the year ended June 30, 2020.

**Questioned Costs**

There are no questioned costs for the year ended June 30, 2020.

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE PERIOD ENDED JUNE 30, 2019**

**Summary of Prior Audit Findings**

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

**Summary of Prior Questioned Costs**

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

See accompanying notes and independent auditors' report.

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Foundation Preparatory Charter School

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Foundation Preparatory Charter School and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Foundation Preparatory Charter School for the fiscal year ended June 30, 2020; and to determine 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 Foundation Preparatory Charter School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

#### Procedure #1

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts on the Schedule:

- Total General Fund 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

#### Results of Procedure #1

In performing the testing on the sample of expenditures/revenues we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

### Class Size Characteristics (Schedule 2)

#### Procedure #2

We obtained a list of classes by school, school type, and class size as reported on the Schedule. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the Schedule.

Results of Procedure #2

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

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

Procedure #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.

Results of Procedure #3

No differences were noted between the PEP data information provided and the information in the personnel files.

Public School Staff Data: Average Salaries (No Schedule)

Procedure #4

We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalents, and obtained management's representation that the data/list was complete. We then selected 25 individuals, traced to each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results of Procedure #4

No differences were noted between the salary information reported on the PEP data report provided by management and the supporting records.

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.

This 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 Foundation Preparatory Charter School, as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint & Brian, APAC

Daigrepoint & Brian  
Baton Rouge, LA

September 19, 2020

FOUNDATION PREPARATORY CHARTER SCHOOL  
NEW ORLEANS, LA

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 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NEW ORLEANS, LA**

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

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 764,875	
Other Instructional Staff Activities	40,102	
Instructional Staff Employee Benefits	205,144	
Purchased Professional and Technical Services	83,095	
Instructional Materials and Supplies	34,669	
Instructional Equipment	10,189	
Total Teacher and Student Interaction Activities		\$1,138,074
Pupil Support Activities	34,272	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		34,272
Instructional Staff Services	25,992	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		25,992
School Administration	667,521	
Less: Equipment for School Administration	-	
Net School Administration		667,521
Total General Fund Instructional Expenditures (Total of Column B)		\$1,865,859

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

**FOUNDATION PREPARATORY CHARTER SCHOOL  
NEW ORLEANS, LA**

**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	4%	2	66%	37	7%	4	23%	13
Elementary Activity Classes	20%	2	60%	6	0%	-	20%	2
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

**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.