

THE FRIENDS OF KING SCHOOL

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2025 AND 2024



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Friends of King School (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Friends of King School as of June 30, 2025 and 2024, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Friends of King School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Friends of King School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Friends of King School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Friends of King School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule “1”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary 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 January 9, 2026 on our consideration of the Friends of King School’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 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 the Friends of King 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 the Friends of King School’s internal control over financial reporting and compliance.

January 9, 2026
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 2,417,056	\$ 2,628,569
Grant receivables	342,355	851,861
Other receivables	-	7,464
Prepaid expenses	<u>56,556</u>	<u>104,473</u>
Total current assets	<u>2,815,967</u>	<u>3,592,367</u>
<u>PROPERTY AND EQUIPMENT, NET</u>		
	<u>1,138</u>	<u>5,686</u>
Total assets	<u>\$ 2,817,105</u>	<u>\$ 3,598,053</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 428,737	\$ 81,022
Accrued expenses	539,649	834,496
Student activity funds	<u>142,069</u>	<u>180,029</u>
Total current liabilities	<u>1,110,455</u>	<u>1,095,547</u>
Total liabilities	<u>1,110,455</u>	<u>1,095,547</u>
<u>NET ASSETS:</u>		
Without donor restrictions	1,391,956	2,136,984
With donor restrictions	<u>314,694</u>	<u>365,522</u>
Total net assets	<u>1,706,650</u>	<u>2,502,506</u>
Total liabilities and net assets	<u>\$ 2,817,105</u>	<u>\$ 3,598,053</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<u>REVENUE:</u>			
Minimum Foundation Program funding	\$ 8,729,564	\$ -	\$ 8,729,564
Federal grants	1,434,294	577,029	2,011,323
Other state/local funds	1,065,442	20,257	1,085,699
Grants and contributions	41,264	-	41,264
Other income	75,031	-	75,031
Net assets released from restrictions	<u>648,114</u>	<u>(648,114)</u>	<u>-</u>
 Total revenue	 <u>11,993,709</u>	 <u>(50,828)</u>	 <u>11,942,881</u>
<u>EXPENSES:</u>			
Program services			
General instructional	4,886,218	-	4,886,218
General non-instructional	3,773,377	-	3,773,377
Special education	1,022,579	-	1,022,579
Special programs	335,161	-	335,161
Administration	<u>2,721,402</u>	<u>-</u>	<u>2,721,402</u>
 Total expenses	 <u>12,738,737</u>	 <u>-</u>	 <u>12,738,737</u>
 Change in net assets	 (745,028)	 (50,828)	 (795,856)
 Net assets, beginning of year	 <u>2,136,984</u>	 <u>365,522</u>	 <u>2,502,506</u>
 Net assets, end of year	 <u>\$ 1,391,956</u>	 <u>\$ 314,694</u>	 <u>\$ 1,706,650</u>

THE FRIENDS OF KING SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<u>REVENUE:</u>			
Minimum Foundation Program funding	\$ 9,173,552	\$ -	\$ 9,173,552
Federal grants	2,234,504	682,297	2,916,801
Other state/local funds	594,401	-	594,401
Grants and contributions	11,679	-	11,679
Other income	81,085	-	81,085
Net assets released from restrictions	<u>724,503</u>	<u>(724,503)</u>	<u>-</u>
 Total revenue	 <u>12,819,724</u>	 <u>(42,206)</u>	 <u>12,777,518</u>
<u>EXPENSES:</u>			
Program services			
General instructional	4,957,120	-	4,957,120
General non-instructional	3,877,178	-	3,877,178
Special education	1,023,152	-	1,023,152
Special programs	350,349	-	350,349
Administration	<u>3,091,466</u>	<u>-</u>	<u>3,091,466</u>
 Total expenses	 <u>13,299,265</u>	 <u>-</u>	 <u>13,299,265</u>
 Change in net assets	 (479,541)	 (42,206)	 (521,747)
 Net assets, beginning of year	 <u>2,616,525</u>	 <u>407,728</u>	 <u>3,024,253</u>
 Net assets, end of year	 <u>\$ 2,136,984</u>	 <u>\$ 365,522</u>	 <u>\$ 2,502,506</u>

THE FRIENDS OF KING SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services		Special	Special	General	Total
	Educational	Non-Instructional	Education	Program	Administration	
Salaries	\$ 3,420,275	\$ 1,417,425	\$ 659,751	\$ 257,976	\$ 1,634,049	\$ 7,389,476
Employee benefits	279,137	184,028	83,204	40,532	95,650	682,551
Retirement	154,325	62,665	25,666	12,230	77,241	332,127
Payroll taxes	266,841	98,738	45,568	19,318	122,728	553,193
Purchased educational services	54,100	-	98,746	-	-	152,846
Other purchased professional services	77,792	-	-	-	89,328	167,120
Purchased technical services	-	99,726	-	-	85,754	185,480
Utilities	-	366,568	-	-	-	366,568
Repairs and maintenance	4,053	449,105	110	-	27,963	481,231
Rentals	9,712	479	1,168	-	8,330	19,689
Student transportation	21,637	726,954	102,097	-	-	850,688
Insurance	-	-	-	-	198,488	198,488
Communications	620	-	-	-	127,943	128,563
Advertising, printing, and binding	-	-	-	-	9,913	9,913
Tuition	42,925	-	-	-	-	42,925
Food service	-	229,298	-	-	-	229,298
Travel	35,922	13,571	5,073	-	36,154	90,720
Materials and supplies	449,617	108,844	1,196	5,105	24,234	588,996
Dues and fees	505	2,425	-	-	167,077	170,007
Miscellaneous	68,757	13,551	-	-	12,002	94,310
Depreciation	-	-	-	-	4,548	4,548
	<u>\$ 4,886,218</u>	<u>\$ 3,773,377</u>	<u>\$ 1,022,579</u>	<u>\$ 335,161</u>	<u>\$ 2,721,402</u>	<u>\$ 12,738,737</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services		Special	Special	General	Total
	<u>Instructional</u>	<u>Non-Instructional</u>	<u>Education</u>	<u>Program</u>	<u>Administration</u>	
Salaries	\$ 3,784,474	\$ 1,516,027	\$ 701,580	\$ 258,249	\$ 1,889,277	\$ 8,149,607
Employee benefits	215,188	179,595	72,811	57,808	100,168	625,570
Retirement	164,192	73,051	28,448	12,146	90,780	368,617
Payroll taxes	298,616	107,608	44,008	19,239	138,035	607,506
Purchased educational services	57,100	-	41,615	-	-	98,715
Other purchased professional services	69,971	-	13,020	-	81,831	164,822
Purchased technical services	-	82,384	-	-	88,051	170,435
Utilities	-	322,662	-	-	-	322,662
Repairs and maintenance	4,723	420,414	51	-	26,940	452,128
Rentals	9,691	-	1,168	-	8,330	19,189
Student transportation	2,808	762,360	105,295	-	-	870,463
Insurance	-	-	-	-	263,042	263,042
Communications	16,643	-	68	-	134,941	151,652
Advertising, printing, and binding	-	-	-	-	17,702	17,702
Tuition	44,156	-	-	-	-	44,156
Food service	-	227,994	-	-	-	227,994
Travel	116	751	-	-	21,923	22,790
Materials and supplies	211,609	174,486	15,088	2,907	29,565	433,655
Dues and fees	6,782	1,525	-	-	183,138	191,445
Miscellaneous	71,051	8,321	-	-	13,195	92,567
Depreciation	-	-	-	-	4,548	4,548
	<u>\$ 4,957,120</u>	<u>\$ 3,877,178</u>	<u>\$ 1,023,152</u>	<u>\$ 350,349</u>	<u>\$ 3,091,466</u>	<u>\$ 13,299,265</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (795,856)	\$ (521,747)
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	4,548	4,548
(Increase) decrease in:		
Grant receivables	509,506	964,878
Other receivables	7,464	(7,464)
Prepaid expenses	47,917	(24,810)
Increase (decrease) in:		
Accounts payable	347,715	(45,510)
Accrued expenses	(294,847)	(63,188)
Student activity funds	(37,960)	(3,356)
Net cash from (used for) operating activities	<u>(211,513)</u>	<u>303,351</u>
Net increase (decrease) in cash and cash equivalents	(211,513)	303,351
Cash and cash equivalents, beginning of year	<u>2,628,569</u>	<u>2,325,218</u>
Cash and cash equivalents, end of year	<u>\$ 2,417,056</u>	<u>\$ 2,628,569</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Friends of King School (the School) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2005 to operate as a Type 5 charter school d/b/a Dr. Martin Luther King, Jr. Charter School for Science and Technology. The School serves eligible pre-kindergarten through high school students to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting; where students are taught to read, write, compute, and think critically according to their fullest potential. On January 20, 2015, the Orleans Parish School Board (OPSB) accepted the transfer of MLK school from the BESE as a Type 3B charter school for a seven-year agreement. On December 10, 2024, OPSB voted to close the high school of Dr. Martin Luther King, Jr. Charter School for Science and Technology after the School year ended in May. The current charter for the elementary school was approved for a renewal term of an additional three years expiring on June 30, 2028.

Basis of Accounting and Financial Reporting Framework

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time.

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

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the School considers all demand deposits and highly liquid investments with an initial maturity of less than three months to be cash and cash equivalents.

Receivables

Grants, notes, and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2025 and 2024, no allowance is recorded as management considers all receivables to be fully collectible

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. The School maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Equipment	3-5 years
Vehicles	5 years

Assets acquired with OPSB funds are owned by the School while used in the purpose for which it was purchased. The OPSB however, has a reversionary interest in these assets. Should a charter not be renewed, title in any assets purchased with these funds will revert to the appropriate agency.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All ten-month employees accrue ten days of sick leave each year. All twelve-month employees accrue twelve days of sick leave and ten days of vacation pay. Any unused vacation days are paid in the subsequent year by December 31st. Upon termination, the School does not compensate employees for unused sick days. As of June 30, 2025 and 2024, the School had \$23,796 and \$71,932 respectively, of accumulated unpaid leave.

Revenue Recognition

Contributions are recognized when cash, securities 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. The School reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when otherwise earned under the terms of the grants.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Leases

The School applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The School defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The School also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether the School can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

The School is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The School generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

The School determines the incremental borrowing rate of each lease by estimating the credit rating of the School at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Functional Expenses

The cost of program and supporting services has been summarized on a functional basis in the statements of activities. This requires the allocation of certain costs based on total program costs and estimates made by management. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries and employee benefits have been allocated based on time and effort. All other allocated expenses have been allocated based on actual expenses incurred.

Income Tax Status

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2025 and 2024, the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2022 and later remain subject to examination by the taxing authorities.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management Review

Subsequent events have been evaluated through January 9, 2026, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the School's financial assets as of June 30, 2025 and 2024 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include contractual restrictions. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2025</u>	<u>2024</u>
Financial assets at year-end	\$ 2,759,411	\$ 3,487,894
Less those unavailable for general expenditure within one year due to contractual restrictions	(273,044)	(273,044)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,486,367	\$ 3,214,850

The School's objective is to maintain liquid assets without donor restrictions sufficient to cover 60 days of program expenditures. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

(3) GRANTS RECEIVABLES

Grants receivable consists of the following at June 30th:

	<u>2025</u>	<u>2024</u>
Due from State of Louisiana	\$ 342,355	\$ 851,861
	\$ 342,355	\$ 851,861

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30th:

	<u>2025</u>	<u>2024</u>
Equipment	\$ 163,838	\$ 163,838
Vehicles	<u>22,841</u>	<u>22,841</u>
	186,679	186,679
Less accumulated depreciation	<u>(185,541)</u>	<u>(180,993)</u>
Total	<u>\$ 1,138</u>	<u>\$ 5,686</u>

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$4,548 and \$4,548, respectively.

(5) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30th:

	<u>2025</u>	<u>2024</u>
Food service	\$ -	\$ -
Career development	26,639	44,985
OPSB	273,044	273,044
Criminal Justice Academy	7,201	7,260
Differentiated compensation	-	29,719
Other	<u>7,810</u>	<u>10,514</u>
Net assets with donor restrictions	<u>\$ 314,694</u>	<u>\$ 365,522</u>

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30th:

	<u>2025</u>	<u>2024</u>
Food service	\$ 554,134	\$ 687,905
Career development	41,241	29,752
Education excellence fund	-	-
Criminal Justice Academy	59	6,846
Differentiated compensation	49,976	-
OPSB Homeless	<u>2,704</u>	<u>-</u>
Net assets released from restrictions	<u>\$ 648,114</u>	<u>\$ 724,503</u>

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(6) RETIREMENT PLAN

The School has a 403(b) deferred compensation plan covering substantially all employees. Covered employees may elect to contribute a portion of their salaries as allowable. The School may elect to make discretionary contributions to the plan each year. The School's contributions were \$332,127 and \$368,617 for the years ended June 30, 2025 and 2024, respectively.

(7) CONCENTRATIONS OF CREDIT RISK

The School maintains cash in bank accounts in excess of insured limits periodically. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of the School's cash is maintained in collateralized bank accounts.

(8) LEASE COMMITMENTS

Operating leases with OPSB

As of July 1, 2021, the School entered into an agreement with the Orleans Parish School Board (OPSB) which allows the School to use the facilities and its contents located at 1617 Fats Domino Avenue, New Orleans, Louisiana.

The lease is designated for their elementary school and is scheduled to expire on June 30, 2025. The lease has been renewed for an additional 3 years ending on June 30, 2028.

As of July 1, 2021, the School entered into an agreement with the Orleans Parish School Board (OPSB) which allows the School to use the facilities and its contents located at 5300 Law Street, New Orleans, Louisiana. The lease is designated for their high school and expired on June 30, 2025 upon the closing of the high school.

All of the aforementioned leases call for payments based on the Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(8) LEASE COMMITMENTS (CONTINUED)

Operating leases with Other Third Parties

The School entered into an operating lease agreement on October 7, 2020 for various pieces of technology equipment. Under the terms of the agreement, the lease will expire on September 7, 2024 and requires monthly payments of \$1,576. The total rental fee for the year ended June 30, 2025 and 2024 was \$4,728 and \$18,910, respectively.

(9) GRANT PROGRAM CONTINGENCIES

The School participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2025 and 2024 might be impaired.

In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the School.

(10) ECONOMIC DEPENDENCY

The School receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program funding for the years ended June 30, 2025 and 2024 totaled \$8,729,564 and \$9,173,552, respectively. Funding was received from various federal grants passed through the State of Louisiana totaling \$2,011,323 and \$2,916,801 for the years ended June 30, 2025 and 2024, respectively. Funding was received from other State funds totaling \$1,085,699 and \$594,401 for the years ended June 30, 2025 and 2024, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the School receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds the School will receive in fiscal year 2026 relating to its grant awards.

In October 2024, NOLA-PS notified the School and all charter school operators it authorizes that local tax revenue estimates provided in March 2024 for the 2024-2025 school year had been overstated. Revised projections indicated a system-wide funding shortfall of up to approximately \$50 million compared to those earlier estimates. To mitigate the impact of this shortfall, during the year ended June 30, 2025 the Orleans Parish School Board approved a non-recurring \$35 million allocation to schools, outside of the annual MFP funding allocation. As a result of these actions, the School received additional funding from NOLA-PS during the year ended June 30, 2025, which is included in other state/local funding in the accompanying statement of activities.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(11) RISK MANAGEMENT

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the year ended June 30, 2025 and 2024.

(12) SUBSEQUENT EVENTS

Subsequent to year-end, the School received an inquiry forwarded through the Louisiana Department of Education and NOLA Public Schools related to the School's historical participation status in the Teachers' Retirement System of Louisiana (TRSL) and related retirement contributions. Management has referred the inquiry to legal counsel and is evaluating the matter. As of the date of these financial statements, the School has not received a billing or demand from TRSL asserting amounts due and any potential loss cannot be reasonably estimated.

SUPPLEMENTARY INFORMATION

THE FRIENDS OF KING SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2025

	Velta Simms, CEO	
Time served	07/01/24 through 06/30/25	
Salary	\$	171,893
Benefits-Social Security and Medicare, SUI		13,721
Benefits-other (Vacation)		14,892
Benefits-other (Vision)		70
Benefits-other (Life Insurance)		52
Benefits-other (AD&D Insurance)		5
Benefits-other (Long Term Disability Insurance)		413
Professional Improvement Program		2,637
Stipend-Retention		521
Stipend-State Certificated		2,000
Total compensation, benefits, and other payments	\$	<u>206,204</u>

(See Independent Auditors' Report)

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



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

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Friends of King School (a non-profit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Friends of King School's internal control over financial reporting (internal control) as a basis for designing 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 Friends of King School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Friends of King School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.



To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Friends of King 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 financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-001.

The Friends of King School’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Friends of King School’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Friends of King School’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Friends of King School’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Friends of King School’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.

January 9, 2026
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Friends of King School's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Friends of King School's major federal programs for the year ended June 30, 2025. Friends of King School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Friends of King School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Friends of King School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Friends of King School's compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Friends of King School's federal programs.



To the Board of Directors
Friends of King School
New Orleans, Louisiana

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Friends of King School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Friends of King School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Friends of King School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Friends of King School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Friends of King School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



To the Board of Directors
Friends of King School
New Orleans, Louisiana

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

January 9, 2026
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

THE FRIENDS OF KING SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 663,815
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 229,887
Special Education - Preschool Grants	84.173	<u>366</u>
Total Special Education Cluster		230,253
Supporting Effective Instruction State Grants	84.367	32,891
Student Support and Academic Enrichment Program	84.424	34,643
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	497,646
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	<u>9,366</u>
Total Education Stabilization Fund		<u>507,012</u>
Total U.S. Department of Education		<u>1,468,614</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	124,693
National School Lunch Program	10.555	412,840
Summer Food Service Program for Children	10.559	<u>5,176</u>
Total Child Nutrition Cluster		<u>542,709</u>
Total U.S. Department of Agriculture		<u>542,709</u>
Total expenditures of federal awards		<u>\$ 2,011,323</u>

(See Independent Auditors' Report)

THE FRIENDS OF KING SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Friends of King School under programs of the federal government for the year ended June 30, 2025. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Friends of King School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Friends of King School.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2025.

Non-Cash Assistance

Nonmonetary assistance in the amount of \$31,962 is reported in the schedule of expenditures of federal awards as AL No. 10.555 at the fair market value of the commodities received and disbursed.

(3) INDIRECT COST RATE

Friends of King School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

THE FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of The Friends of King School.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. An instance of noncompliance was reported in the 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*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for The Friends of King School expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as major programs was the Title I Grants to Local Educational Agencies (AL No. 84.010).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Friends of King School was determined to be a low-risk auditee.
10. A management letter was issued for the year ended June 30, 2025.

THE FRIENDS OF KING SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2025-001 Failure to Comply with Local Government Budget Act

Condition: The School's actual expenditures exceeded the legally adopted budget by more than five percent (5%) during the fiscal year. No formal budget amendment was adopted in an open meeting.

Criteria: R.S. 39:1311(A)(2) requires notification when expenditures exceed budget by 5% or more, and R.S. 39:1310 requires adoption of a budget amendment in an open meeting. Bulletin 126 and LLA guidance require charter schools to comply with the Louisiana Local Government Budget Act.

Effect: The School is not in compliance with Louisiana Revised Statutes 39:1310.

Cause: The School did not have proper policies in place to monitor amendments that were needed to be made to the budget.

Recommendation: The School should monitor budget variances and formally adopt budget amendments in open meetings when required, including for federal grant expenditures.

Views of Responsible Officials: Management agrees with the finding and will implement corrective procedures.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings related to major federal awards programs for the year ended June 30, 2025.

THE FRIENDS OF KING SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Not applicable

II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

Not applicable

III. MANAGEMENT LETTER

Not applicable

THE FRIENDS OF KING SCHOOL
MANAGEMENT'S CORRECTIVE ACTION PLAN - FINDINGS
JUNE 30, 2025

January 9, 2026

Louisiana Legislative Auditor

The Friends of King School (the School) respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal Street
New Orleans, LA 70119

Audit Period: July 1, 2024 – June 30, 2025

The finding from the June 30, 2025 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding 2025-001 Failure to Comply with Local Government Budget Act

Recommendation: The School should monitor budget variances and formally adopt budget amendments in open meetings when required, including for federal grant expenditures.

Response:

If there are any questions regarding this plan, please contact Rodney Lilley at (504) 940-2243.

Sincerely,



Signature

Executive Director of Finance
Title

**SCHEDULES REQUIRED BY STATE LAW
(PERFORMANCE STATISTICAL DATA)**



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Friends of King School for the fiscal year ended June 30, 2025; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the Friends of King School is responsible for its performance and statistical data.

The Friends of King School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - a. Total General Fund Instructional Expenditures,
 - b. Total General Fund Equipment Expenditures,
 - c. Total Local Taxation Revenue,
 - d. Total Local Earnings on Investment in Real Property,
 - e. Total State Revenue in Lieu of Taxes,
 - f. Nonpublic Textbook Revenue,
 - g. Nonpublic Transportation Revenue.

Exceptions: No exceptions were found as a result of applying the procedure.



To the Board of Directors
The Friends of King School

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: Two of ten class roll books did not match the LDOE Student Information System.

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Exceptions: Five of twenty-five employees' experience did not match the personnel files.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Exceptions: Twenty-two of twenty-five employees salary information did not match the personnel files.

We were engaged by the Friends of King School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
The Friends of King School

Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Friends of King School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope and results of testing performed on the performance and statistical data accompanying the annual financial statements of the Friends of King School, as required by Louisiana Revised Statute 24:514.I, and for the information and use of the Friends of King School, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

January 9, 2026
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

THE FRIENDS OF KING SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2025

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	Column A	Column B
General Fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 2,583,744	
Other instructional staff salaries	614,126	
Instructional staff employee benefits	700,475	
Purchased professional and technical services	35,149	
Instructional materials and supplies	14,845	
Instructional equipment	-	
Total teacher and students interaction activities		\$ 3,948,339
Other instructional activities		55,062
Pupil support services	487,047	
Less: equipment for pupil support services	-	
Net pupil support services		487,047
Instructional staff services	508,342	
Less: equipment for instructional staff services	-	
Net instructional staff services		508,342
School administration	2,092,233	
Less: equipment for school administration	-	
Net school administration		2,092,233
Total General Fund instructional expenditures (total of column B)		\$ 7,091,023
Total General Fund equipment expenditures		\$ -

CERTAIN LOCAL REVENUE SOURCES

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		\$ -

THE FRIENDS OF KING SCHOOL
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2025
AS OF OCTOBER 1, 2024

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	12.4%	31	12.4%	31	12.0%	30	1.59%	4
Elementary/Activity Classes	-	-	0.4%	1	0.4%	1	1.2%	3
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	48.2%	121	2.8%	7	-	-	-	-
High Activity Classes	8.4%	21	0.4%	1	-	-	-	-
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.

FRIENDS OF KING SCHOOL
CORRECTIVE ACTION PLAN – BESE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2025

January 9, 2026

Louisiana Legislative Auditor

Friends of King School respectfully submits the following corrective action plan for items identified pursuant to the BESE Agreed-Upon Procedures Engagement prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Engagement Period: July 1, 2024 – June 30, 2025

The exceptions from the Agreed-Upon Procedures Report are discussed below:

Class Size Characteristics

Exceptions: Two of ten class roll books did not match the LDOE Student Information System.

Education Levels/Experience of Public School Staff

Exceptions: Five of twenty-five employees' experience did not match the personnel files.

Public School Staff Data: Average Salaries

Exceptions: Twenty-two of twenty-five employees salary information did not match the personnel files.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please call Rodney Lilley at (504) 940-2243.

Sincerely,



Signature

Executive Director of Finance
Title



MANAGEMENT LETTER

To the Board of Directors of
The Friends of King School
New Orleans, Louisiana

In planning and performing our audit of the consolidated financial statements of The Friends of King School (the School) , as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an our opinion on the consolidated financial statements, but not for the purpose of expressing our opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiencies. This letter summarizes our comments and suggestions concerning this matter. This letter does not affect our report dated January 9, 2026, on the consolidated financial statements of the School.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestions with School personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comment is summarized as follows:

Improve Controls over Student Activity Funds

We noted instances where transactions in the student activity funds were improperly coded, requiring subsequent journal entries to correct the original postings. While these corrections ensured the financial records were ultimately accurate, the frequency of adjusting entries increases the risk of error and indicates a need for stronger controls over the initial coding process. This results in additional time to be spent by personnel to reconcile the student activity funds. We recommend management strengthen procedures over the initial coding of student activity fund transactions to reduce the need for corrective journal entries. This may include providing additional training to staff responsible for processing transactions, implementing standardized coding guidance for common transaction types, and enhancing supervisory review of transactions at the time of entry.

This letter is intended solely for the information and use of the School, 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 Legislative Auditor as a public document.

January 9, 2026
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FRIENDS OF KING SCHOOL
CORRECTIVE ACTION PLAN – MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2025

January 9, 2026

Louisiana Legislative Auditor

Friends of King School respectfully submits the following corrective action plan for items identified pursuant to the Management Letter.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Engagement Period: July 1, 2024 – June 30, 2025

The comments from the Management Letter are discussed below:

Improve Controls over Student Activity Funds

Recommendations: We recommend management strengthen procedures over the initial coding of student activity fund transactions to reduce the need for corrective journal entries. This may include providing additional training to staff responsible for processing transactions, implementing standardized coding guidance for common transaction types, and enhancing supervisory review of transactions at the time of entry.

Management's Response to Recommendations:

If there are any questions regarding this plan, please call Rodney Lilley at (504) 940-2243.

Sincerely,



Signature

Executive Director of Finance
Title