



Report Highlights

South Louisiana Charter Foundation, Inc.

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Why We Conducted This Audit

The Louisiana Legislative Auditor (LLA) received complaints regarding Charter Schools USA's business practices and the collection of program fees at Red Stick Academy, a learning pod of Iberville Charter Academy (ICA). We initiated this audit to determine the validity of these complaints.

What We Found

Charter School Management Organization Paid Its Related Parties Without Foundation Board Approval, Written Contracts, or Adequate Documentation

Charter Schools USA at Iberville, LLC, the South Louisiana Charter Foundation's (Foundation) management organization, paid its affiliated companies \$6,961,965 without board approval, written contracts, or adequate documentation between June 2019 and April 2023.

Improper Operation of Charter School Off-Site Locations

Blended & Online School Solutions, LLC of Florida (BOSS LLC) opened two off-site locations to operate as learning pods without complying with the requirements of state law and the applicable Louisiana Board of Elementary and Secondary Education (BESE) bulletin governing the establishment of learning pods. These locations operated independently from the Iberville Charter Academy (ICA) campus in Plaquemine and did not utilize the same curriculum or instructional staff used by ICA.

Learning Pods Charged Fees to Students

Three of ICA's learning pods collected \$511,538 from the parents of enrolled students between February 2019 and April 2023. Records from these pods described the payments as "program fees," "registration fees," "technology fees," and "tuition." The collection of those fees may violate state law and the Foundation's charter contract with BESE, as charter schools are public schools and are prohibited from charging certain fees to students.

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What We Found (Cont.)

Related Party Leases of Iberville Charter Academy and Learning Pod Facilities

The Foundation leased its school facility from a related party of its charter management organization but does not have documentation demonstrating the lease represented fair market value. Over the 20-year lease term, total lease payments will exceed the cost of the property by \$13,897,828. BOSS LLC is also leasing two additional facilities from related parties for the operation of learning pods. These related-party lease arrangements raise concerns regarding transparency, lease payments exceeding the fair market value of the leased property, and compliance with state requirements for prudent use of public funds.

Cash Transfers Between Charter School's Operating Bank Account and the Management Organization Were Made Without Adequate Documentation or Board Approval

Charter Schools USA at Iberville, LLC (CSUSA-ICA) made net transfers totaling \$681,895 between ICA's bank account and CSUSA-ICA's own bank account between June 2019 and April 2023. CSUSA-ICA also transferred \$250,000 from ICA's bank account to BOSS LLC's bank account in February 2020. Some of these transfers were made without adequate supporting documentation, and none were approved by the Foundation board, which could result in improper payments.

Charter Management Organization Did Not Produce Records in a Timely Manner

CSUSA-ICA failed to provide requested Foundation records in a timely manner, with delays extending to 184 days. As the designated custodian of records for the Foundation and ICA, CSUSA-ICA is contractually responsible for ensuring timely and complete access to records. CSUSA-ICA's significant delays and the submission of redacted, incomplete, or inadequate documentation impeded the Louisiana Legislative Auditor's ability to perform its oversight function. These actions appear to violate CSUSA's management agreement, the Foundation's charter contract with BESE, and state law.