

**Lake Charles Charter Academy
Foundation, Inc. and Affiliates**

Combined Financial Statements
For the Year Ended June 30, 2025

Lake Charles Charter Academy Foundation, Inc. and Affiliates

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Lake Charles Charter Academy Foundation, Inc. and Affiliates

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake Charles Charter Academy Foundation, Inc. and Affiliates
Lake Charles, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Lake Charles Charter Academy Foundation, Inc. and Affiliates (a nonprofit organization) (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025, and the changes in their net assets and their cash flows for the year 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 ("GAAS") 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 Foundation 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS 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 combined financial statements.

In performing an audit in accordance with GAAS 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 combined 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 combined 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 Foundation'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statements on pages 20 through 24, statements of reconciliation on pages 25 and 26, and the Schedule of Board of Directors and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 27 and 28 are presented for purposes of additional analysis and are not a required part of the combined 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 also not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

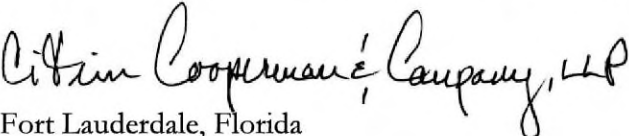
Other Information

The Performance and Statistical Data and the Louisiana Legislative Auditor Statewide Agreed-Upon Procedures (“other information”) on pages 39 through 45, which are the responsibility of management, are presented for purpose of additional analysis and are not a required part of the combined financial statements, but are other information required by Louisiana State Law. The other information has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026, on our consideration of the Foundation’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 Foundation’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 the Foundation’s internal control over financial reporting and compliance.



Fort Lauderdale, Florida
March 24, 2026

FINANCIAL STATEMENTS

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combined Statement of Financial Position
June 30, 2025

Current Assets:

Cash and cash equivalents	\$ 12,559,952
Custodial funds - restricted cash	91,163
Grants receivable	459,302
Due from custodial funds	11,425
Other receivables	161,588
Prepaid expenses	81,730
Other investments	1,634,426
Restricted investments	<u>1,489,755</u>

Total current assets	<u>16,489,341</u>
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**Property and Equipment, Less Accumulated
Depreciation of \$ 12,413,822**

51,443,951

Other Assets:

Restricted investments	3,873,754
Deposits	<u>20,088</u>

Total other assets	<u>3,893,842</u>
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Total assets	<u>\$ 71,827,134</u>
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Current Liabilities:

Accounts payable and accrued expenses	\$ 524,109
Salaries and wages payable	1,451,101
Accrued interest payable	152,854
Due to management company	1,247,967
Due to custodial funds	12,272
Custodial funds	91,163
Compensated absences	108,924
Current portion of bonds payable	<u>1,170,000</u>

Total current liabilities	<u>4,758,390</u>
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Noncurrent Liabilities:

Compensated absences	36,308
Bonds payable, net of unamortized discount/premium and bond issuance costs	<u>47,304,069</u>

Total noncurrent liabilities	<u>47,340,377</u>
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Total liabilities	52,098,767
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Net Assets - Without Donor Restrictions

19,728,367

Total liabilities and net assets	<u>\$ 71,827,134</u>
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The accompanying notes to combined financial statements are an integral part of these statements.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combined Statement of Activities
For the Year Ended June 30, 2025

Net Assets Without Donor Restrictions:

Support and Revenues:

Minimum Foundation Program	\$ 31,377,204
State grants	1,022,004
Federal grants	5,465,863
Before and aftercare fees	113,747
Interest income	353,998
Other income	<u>550,340</u>
 Total support and revenues	 <u>38,883,156</u>

Expenses:

Program services:	
Regular education	22,268,445
Special education	2,586,890
Other education	2,625,555
Supporting services:	
Management and general	<u>11,233,999</u>
 Total expenses	 <u>38,714,889</u>

Nonoperating income:

Gain on extinguishment of debt	<u>5,209,289</u>
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Change in net assets without donor restrictions	5,377,556
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Net Assets Without Donor Restrictions, Beginning of Year	<u>14,350,811</u>
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Net Assets Without Donor Restrictions, End of Year	<u><u>\$ 19,728,367</u></u>
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The accompanying notes to combined financial statements are an integral part of these statements.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combined Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services			Total Program	Supporting Services	Total
	Regular Education	Special Education	Other Education		Management and General	
Salaries	\$ 10,289,008	\$ 1,455,536	\$ 1,020,793	\$ 12,765,337	\$ 1,971,079	\$ 14,736,416
Contracted and vendor services	5,067,744	180,782	8,836	5,257,362	1,946,565	7,203,927
Interest	-	-	-	-	3,411,433	3,411,433
Benefits	2,199,011	312,503	211,527	2,723,041	422,068	3,145,109
Depreciation	1,277,794	143,211	151,660	1,572,665	672,660	2,245,325
Repairs and maintenance	-	-	-	-	1,952,475	1,952,475
Supplies and materials	1,194,193	23,774	394,399	1,612,366	180,712	1,793,078
Food service	1,468,443	146,025	-	1,614,468	16,308	1,630,776
Utilities	201,589	201,589	201,589	604,767	201,589	806,356
Insurance	122,221	122,221	122,221	366,663	122,221	488,884
Rent	373,420	-	-	373,420	-	373,420
Other	57,737	-	-	57,737	166,957	224,694
Travel	-	-	179,968	179,968	256	180,224
Professional development	975	-	170,028	171,003	-	171,003
Marketing and recruitment	-	-	164,534	164,534	220	164,754
School board fees	-	-	-	-	76,503	76,503
Office expense	4,912	-	-	4,912	66,143	71,055
Professional services	-	-	-	-	25,356	25,356
Technology	5,611	1,249	-	6,860	1,454	8,314
Student services	5,787	-	-	5,787	-	5,787
Total expenses	\$ 22,268,445	\$ 2,586,890	\$ 2,625,555	\$ 27,480,890	\$ 11,233,999	\$ 38,714,889

The accompanying notes to combined financial statements are an integral part of these statements.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combined Statement of Cash Flows
For the Year Ended June 30, 2025

Cash Flows from Operating Activities:

Change in net assets	\$ 5,377,556
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Gain on extinguishment of debt	(5,209,289)
Depreciation	2,245,325
Amortization of bond issuance costs	76,377
Amortization of bond discount/premium	(46,568)
(Increase) decrease in:	
Grants receivable	1,040,527
Due to custodial funds	(11,425)
Accrued interest receivable	9,214
Other receivables	(66,185)
Prepaid expenses	(63,493)
Deposits	(11,462)
Increase (decrease) in:	
Accounts payable and accrued expenses	(58,703)
Salaries and wages payable	174,889
Due to management company	(407,997)
Due to custodial funds	(63)
Custodial funds	(6,184)
Accrued interest payable	91,998
Compensated absences	(52,448)
	<u>3,082,069</u>
Net cash provided by operating activities	<u>3,082,069</u>

Cash Flows from Investing Activities:

Sales of investments	7,605,984
Purchases of investments	(7,471,187)
Payments for purchase of property and equipment	(1,237,191)
	<u>(1,102,394)</u>
Net cash used in investing activities	<u>(1,102,394)</u>

Cash Flows from Financing Activities:

Premium received from bonds payable proceeds	711,907
Payments on debt	(240,000)
Payment for bond issuance costs	(1,540,335)
	<u>(1,068,428)</u>
Net cash used in financing activities	<u>(1,068,428)</u>

Net increase in cash, cash equivalents and restricted cash 911,247

Cash, Cash Equivalents and Restricted Cash, Beginning of Year 11,739,868

Cash, Cash Equivalents and Restricted Cash, End of Year \$ 12,651,115

Amounts reported in the combined statement of financial position included in cash, cash equivalents and restricted cash above are as follows:

Cash and cash equivalents	\$ 12,559,952
Custodial funds - restricted cash	91,163
	<u>12,651,115</u>
Total cash, cash equivalents and restricted cash	<u>\$ 12,651,115</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Organization: Lake Charles Charter Academy Foundation, Inc. (the “Foundation”), a Louisiana not-for-profit corporation, was formed on April 5, 2011 exclusively for educational purposes and is comprised of respected leaders in the Lake Charles community that are committed to providing high quality educational options for the citizens of the Calcasieu Parish. Lake Charles Charter Academy (“LCCA”) was established as a charter school for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu. Southwest Louisiana Charter Academy (“SWLCA”) was established as a charter school for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu. Lake Charles College Prep (“LCCP”) was established as a charter school for students from ninth to twelfth grade in the Louisiana Parish of Calcasieu. All three schools are presented as Departments of the Foundation.

Friends of Lake Charles Charter Academy Foundation, Inc. is an entity organized in Louisiana as a not-for-profit corporation in 2024 to assist LCCA and SWLCA in obtaining bonds payable financing (Note 9).

The Schools, through the Foundation, receive funding from the State of Louisiana based on student population. The Foundation may also receive other revenues, including grants, contributions, food service revenues, and community service revenues.

The other education column on the combined statement of functional expenses includes before and aftercare expenses.

Nature of activities: LCCA was granted a charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) in 2011 to operate a Type 2 public charter school. The current charter is in effect until June 2026. The charter may be renewed at the discretion of BESE. Renewal has been recommended to BESE by the Louisiana Department of Education for an additional term of four years.

SWLCA was granted a charter by BESE in 2012 to operate a Type 2 public charter school. The charter was effective until June 2025, after the charter was merged with the charter of LCCA (See Note 14).

LCCP was granted a charter by BESE in 2014 to operate a Type 2 public charter school. The current charter is in effect until June 2026. The charter may be renewed at the discretion of BESE. Renewal has been recommended to BESE by the Louisiana Department of Education for an additional term of eight years.

The Foundation seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measure pupil progress toward stated goal; and participate in pupil assessment required by law, regulation and BESE policy.

The mission of the Foundation is to become a powerful platform of change through the creation of a network of high-performing charter schools that will target traditionally underserved students and ensure that every student realizes their academic and personal potential.

The mission of the Schools is to provide students with the necessary tools and skills needed to develop superior levels of achievement. The Schools strive for academic, social and physical excellence by providing a quality and challenging curriculum. The Schools promote positive moral and social values, foster an atmosphere of self-discipline in a safe learning environment, and maximize individual productivity to meet the needs of a changing global society. The Schools’ students will be able to maximize their potential for successfully actualizing their goals with confidence and intrinsic motivation, thereby enabling each student to become a lifelong learner and strong functional contributor to their local community as well as their global community.

Note 2 - Summary of Significant Accounting Policies

Principles of combination: The accompanying combined financial statements include the accounts of the Schools, Friends of Lake Charles Charter Academy Foundation, Inc., and one other entity that is used to process certain grant funding for the Schools (collectively, the "Foundation"). All significant intercompany balances and transactions have been eliminated in combination.

Basis of presentation: The combined financial statements of the Foundation are prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Grantor restricted support that was initially a conditional contribution (described later in these notes), are reported as net assets without donor restrictions when the conditions and restrictions are met in the same period. Therefore, the Foundation does not report donor restricted net assets unless they meet the criteria described above and the restrictions are not met in the same period received.

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: The Foundation considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

State statutes require, and it is the Foundation’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Louisiana as qualified public depositories as defined by Chapter 39 of the Louisiana Revised Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The Foundation’s deposits of \$ 12,237,771 that were in excess of the federal insured level of \$ 250,000 are held in a qualified public depository and are collateralized by U.S. Treasury Notes, as the Foundation has identified itself as a public entity.

Restricted investments: At June 30, 2025, restricted investments include escrow balances restricted for debt service (Notes 4 and 9) and other activities as follows:

Cost of Issuance	\$	9,344
Bond Principal		537,971
Bond Interest		126,729
Repair and Replacement Reserve Fund		37,768
Fee account		7,520
Debt Service Reserve A		2,420,022
LCCP - Repair and Replacement Reserve		113,172
LCCP - Fees Account		1,242
LCCP - Capitalized Interest Account		1,182
LCCP - Project Fund		160,229
LCCP - Optional RDMPT		26,206
LCCP - Principal		53,596
LCCP - Interest		196,485
LCCP - Debt Service Reserve A		1,453,732
LCCP - Revenue Fund A & B		563
LCCP - Insurance and Condemnation Proceed		217,748
Total restricted investments	\$	<u><u>5,363,509</u></u>

Investment purchases are recorded at cost, or if donated, at fair market value on the date of donation. Thereafter, investments are reported at their fair values in the combined statement of financial position. Net investment return/(loss) is reported in the combined statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external investment expenses. Money market funds maintain a constant net asset value of \$ 1 per share. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

Note 2 - Summary of Significant Accounting Policies (continued)

Promises to give: The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the combined statement of activities. The Foundation had no unconditional or conditional promises to give as of June 30, 2025.

Property and equipment: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Property and equipment are defined as assets with an initial cost of \$ 750 and a useful life of over one year. Donated property and equipment assets are reported at estimated fair value as of the date received. Additions, improvements, and other major renewals that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related assets. Other costs incurred for repairs and maintenance are charged to expense as incurred.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings	45 years
Furniture, fixtures and equipment	5 years
Computer equipment and software	3 years
Building improvements	10 years

Prepaid expenses: Certain payments reflect costs applicable to services for a future accounting period and are recorded as prepaid expenses in the accompanying combined financial statements.

Compensated absences: The Foundation's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the combined financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Bond issuance costs and provision for amortization: The Foundation incurred certain costs in connection with the issuance of its bonds. These costs have been capitalized for financial reporting purposes and are amortized over the term of the bonds on a straight-line basis, which is not materially different than the effective interest method. In accordance with U.S. GAAP, the Foundation has presented its bond issuance costs in the combined statement of financial position as a direct deduction from the bonds payable. Amortization expense is reported as a component of interest expense.

Total provision for amortization was \$ 76,377 for the year ended June 30, 2025.

Revenue and revenue recognition: The Foundation recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Note 2 - Summary of Significant Accounting Policies (continued)

A portion of the Foundation's revenue, derived from cost-reimbursement federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions. The Schools consider this to be nonexchange revenue.

The Schools receive Minimum Foundation Program funding from BESE in an amount for pupils based on estimated daily attendance at the Schools. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the result of any audits performed.

Revenue from charges for services is derived from food sales and services and community services. Community services is after and before services available for parents. Both types of revenues are earned at the time the service is provided (typically at the point of sale) and payment is due and paid at that point.

Refundable advances: Revenues received in advance that are not recognized because the allowable costs or other conditions as defined by the individual grant or contract have not been incurred and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances.

Functional allocation of expenses: The costs of providing the programs and activities of the Foundation have been summarized on a functional basis in the accompanying combined statement of functional expenses. The majority of expenses reported in the combined statement of functional expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function, including depreciation, utilities, insurance, interest, leadership salaries and the technology department, have been allocated among program and supporting services classification based on estimates of time and effort and square footage.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the combined financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Date of management's review: Subsequent events have been evaluated through March 24, 2026, which is the date the combined financial statements were issued.

Note 3 - Custodial Funds - Cash

As a service to the various Schools' club and parent organizations, the Schools permit these organizations to deposit their own funds in separate School checking accounts. Since these funds do not belong to the Schools, they are also recorded as a liability in the combined statement of financial position. The Schools do not have variance power with respect to the amounts received and held in the custodial accounts.

Note 4 - Restricted Investments

The Foundation has borrowed funds for the purchase of facilities for the Schools. The restricted investments of the Foundation are held by the Trustee and are governed by the Bond Indenture. The Bond Indenture authorizes the Trustee to invest in obligations of the United States or any state, obligations issued by a government sponsored agency, U.S. denominated deposit accounts, certificates of deposit and banker's acceptances, commercial paper, bonds, notes or debentures guaranteed by a corporation, investment agreements with banks, repurchase agreement secured by government obligations, investments in a money market fund and shares in any investment company, money market mutual fund, fixed income mutual fund or exchange traded fund. In accordance with the Bond Indenture, the Trustee has \$ 5,363,509 invested in a money market fund that is stated at amortized cost which approximates fair value.

Note 4 - Restricted Investments (continued)

Fair value measurements: In accordance with U.S. GAAP, the Foundation follows a framework for measuring fair value and expanded disclosures about fair value measurements. Various inputs are used in determining the value of the Foundation’s investments. These inputs are summarized into three levels as listed below:

- Level 1 - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments that the reporting entity can access at the measurement date.
- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g., quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 - Inputs are significant unobservable inputs (e.g., information about assumptions, including risk, market participants would use in pricing a security).

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. An investment’s classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values of assets held by the Foundation are classified as level 1 as of June 30, 2025.

Note 5 - Investments

LCCA has a non-negotiable certificate of deposit for \$ 1,634,426 which earns interest at 0.61% and matures on April 8, 2026.

Note 6 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date, comprise the following:

Financial Assets:	
Cash and cash equivalents	\$ 12,559,952
Grants and other receivables	<u>632,315</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,192,267</u>

The Foundation structures its financial assets to be available as its general expenditures are incurred and as liabilities and other obligations come due. The Foundation is also required to meet certain bond covenant requirements that are described in Note 9.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2025

Note 7 - Grants Receivable

As of June 30, 2025, grants receivable consisted of amounts due from the following sources:

<u>Receivables</u>	<u>Amount</u>
Title I	\$ 87,696
Title I - Redesign Grant	139,498
Title II	14,692
Title III	7,652
Title V	14,572
IDEA	120,582
CLSD K-5	851
CLSD B-5	107
CLSD 6-8	1,531
LA-4	13,392
National School Lunch Program	6,882
Local MFP	45,925
State MFP	5,922
	<u>\$ 459,302</u>

Note 8 - Property and Equipment

Property and equipment balances and activity as of June 30, 2025, are as follows:

Land	\$ 28,490,288
Construction in progress	1,983,474
Buildings	19,912,247
Computer equipment and software	5,753,072
Furniture, fixtures and equipment	3,500,720
Building improvements	<u>4,217,972</u>
	63,857,773
Less: accumulated depreciation	<u>(12,413,822)</u>
Property and equipment, net	<u>\$ 51,443,951</u>

Depreciation expense for the year ended June 30, 2025 totaled \$ 2,245,325.

If certain governmental funding is used to acquire tangible property assets, BESE has a reversionary interest in those assets. In the event of nonrenewal termination, or breach of the charter school agreement, ownership of the assets would automatically revert to BESE.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2025

Note 9 - Bonds Payable

a. Summary of Bonds Payable

Bonds payable at June 30, 2025 is comprised of the following:

\$ 27,345,000 Revenue Refunding Bonds, Series 2024A; due in semi-annual installments beginning October 2024 through December 2043; interest payable semiannually at rates of 5%	\$ 27,345,000
Plus: unamortized bond premium	684,050
\$ 1,090,000 Revenue Refunding Bonds, Series 2024B; due in semi-annual installments beginning October 2024 through December 2026; interest payable semiannually at rates that range from 6.625%	1,090,000
Less: unamortized bond issuance costs	(1,480,061)
\$ 20,805,000 Tax-Exempt Revenue Bonds, Series 2019A and \$ 2,735,000 Taxable Revenue Bonds, Series 2019B; due in semi-annual installments beginning June 2021 through June 2058; interest payable semi-annually at rates that range from 4.250% to 6.350%.	20,315,000
Plus: unamortized bond premium	842,894
Less: unamortized bond issuance costs	(322,814)
	<u>\$ 48,474,069</u>

The following is a summary of changes in the bonds payable for the year ended June 30, 2025:

	Balance at July 1, 2024	Additions	Deletions	Amortization	Balance at June 30, 2025	Due Within One Year
Revenue Bonds, Series 2024 A	\$ -	\$ 27,345,000	\$ -	\$ -	\$ 27,345,000	\$ -
Premium on Revenue Bonds Series 2024 A						
Premium on Series 2024A Bond	-	711,907		27,857	684,050	-
Revenue Bonds, Series 2024B	-	1,090,000	-	-	1,090,000	915,000
Series 2024 Cost of Issuance	-	(1,540,335)		(60,274)	(1,480,061)	-
Tax-Exempt Educational Facilities						
Revenue Bonds, Series 2011A	13,180,000		13,180,000	-	-	-
Discount on Series 2011 Bond	(234,700)	-	(231,331)	(3,369)	-	-
Series 2011 bond issuance costs	(333,729)		(328,939)	(4,790)	-	-
Tax-Exempt Educational Facilities						
Revenue Bonds, Series 2013	15,590,000		15,590,000	-	-	-
Discount on Series 2013 Bonds	(119,448)	-	(115,986)	(3,462)	-	-
Series 2013 bond issuance costs	(337,313)		(335,782)	(1,531)	-	-
Tax-Exempt Educational Facilities						
Revenue Bonds, Series 2019	20,555,000	-	240,000	-	20,315,000	255,000
Premium on Series 2019 Bonds	868,436	-	-	25,542	842,894	-
Series 2019 bond issuance costs	(332,596)	-	-	(9,782)	(322,814)	-
	<u>\$ 48,835,650</u>	<u>\$ 27,606,572</u>	<u>\$ 27,997,962</u>	<u>\$ (29,809)</u>	<u>\$ 48,474,069</u>	<u>\$ 1,170,000</u>

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2025

Note 9 - Bonds Payable (continued)

b. Summary of Significant Bond Terms

\$ 27,345,000 Revenue Refunding Bonds, Series 2024A:

The Series 2024A and 2024B bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The 2024A bond is not subject to a premium at optional redemption after December 15, 2043.

The bond indenture requires reserve funds equal to \$ 2,357,000 for the Series 2024A and Series 2024B bonds. As of June 30, 2025, the reserve fund account balance was sufficient to satisfy this requirement. The bond indenture also contains financial covenants which are as follows:

<u>Covenant</u>	<u>Requirement</u>	<u>Calculated</u>
Payments coverage ratio - LCCA	At least 1.10	1.44
Payments coverage ratio - SWLCA	At least 1.10	1.32
Days cash on hand	At least 45 Days	98

The annual debt service requirements for the Series 2024 Bonds consist of:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 915,000	\$ 1,439,462	\$ 2,354,462
2027	975,000	1,358,844	2,333,844
2028	1,025,000	1,301,625	2,326,625
2029	1,080,000	1,249,000	2,329,000
2030	1,135,000	1,193,625	2,328,625
2031-2034	6,570,000	5,036,750	11,606,750
2035-2039	8,390,000	3,175,500	11,565,500
2040-2043	8,345,000	859,875	9,204,875
	<u>\$ 28,435,000</u>	<u>\$ 15,614,681</u>	<u>\$ 44,049,681</u>

The Series 2019 bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. All of the bonds are subject to redemption prior to maturity except for the Series 2019A bonds that mature on June 1, 2028.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Notes to Combined Financial Statements
June 30, 2025

Note 9 - Bonds Payable (continued)

The annual debt service requirement for the Series 2019 Educational Facilities Revenue Bonds consists of:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 255,000	\$ 1,015,750	\$ 1,270,750
2027	265,000	1,003,000	1,268,000
2028	280,000	989,750	1,269,750
2029	295,000	975,750	1,270,750
2030	310,000	961,000	1,271,000
2031-2035	1,790,000	4,557,250	6,347,250
2036-2040	2,285,000	4,062,250	6,347,250
2041-2045	2,915,000	3,431,000	6,346,000
2046-2050	3,720,000	2,626,250	6,346,250
2051-2055	4,745,000	1,598,750	6,343,750
2056-2058	3,455,000	351,250	3,806,250
	<u>\$ 20,315,000</u>	<u>\$ 21,572,000</u>	<u>\$ 41,887,000</u>

The bond indenture requires reserve funds equal to \$ 1,430,380 for the Series 2019 bonds. As of June 30, 2025, the reserve fund account balance was sufficient to satisfy this requirement. In addition, the bond indenture contains a financial covenant which requires LCCP to maintain a long-term debt service coverage ratio of 1.10 to 1.00. The bond indenture also contains a financial covenant which requires LCCP to maintain days cash on hand equal to or greater than 45 days. LCCP's financial covenants for the year ended June 30, 2025 are as follows:

Covenant	Requirement	Calculated
Long-term debt service coverage ratio	At least 1.10	1.36
Days cash on hand	At least 45 Days	214

During the year, the 2011 and 2013 bonds previously held by the Foundation were refinanced into the 2024 bonds shown above. The old debt was fully defeased, and restricted reserves related to the 2011 and 2013 bonds were released, resulting in a net gain on extinguishment of debt in the amount of \$ 5,209,289 reported on the statement of activities. In order to secure the payment in full of the Series 2024 and 2019 bonds and to secure the performance by the Foundation to all covenants, the Foundation grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

Note 10 - Income Taxes

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code.

Note 11 - Commitments

Management agreements: LCCA and SWLCA have formal agreements with Charter Schools USA at Lake Charles, LLC (“CSUSA”) to manage, staff, and operate the Schools. The cost reimbursements and management fees (the “fee”) range from \$ 3,493,091 for 2026 to \$ 3,597,884 for 2027 if the Schools obtain a letter grade of “B” or above and at lesser amounts for grades below “B”, as defined in the agreement. Total cost reimbursements and management fees amounted to \$ 3,127,015 for the year ended June 30, 2025. Extension of the agreements shall correspond to the length of the charter and shall be approved by the Board of Directors.

LCCA and SWLCA had amounts due to CSUSA for \$ 559,363 and \$ 167,351, respectively at June 30, 2025. These amounts are shown on the combining financial statements as amounts due to management company.

LCCP has a formal agreement with CSUSA to manage, staff and operate LCCP. The fee shall be 4% of revenues as defined in the agreement through December 2024. Thereafter, the fee shall be 5% of revenues if LCCP obtains a letter grade of “B” or above and at lesser amounts for grade below “B”, as defined in the agreement. For the year ended June 30, 2025, LCCP paid CSUSA \$ 568,299 and had \$ 521,835 due to CSUSA.

Post-retirement benefits: The Foundation does not provide post-retirement benefits to retired employees.

Note 12 - Employee Benefit Plan

During the year ended June 30, 2025, LCCA and SWLCA offered all of their full-time employees, who had attained 21 years of age, a retirement plan (the “401(k) Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The 401(k) Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by LCCA and SWLCA’s management, the Schools may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ended December 31, 2024, the Schools had forfeitures of \$ 1,630. For the year ended June 30, 2025, the Schools contributed a matching amount of \$ 62,802.

Note 13 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

Cash paid during the year for -	
Interest expense	\$ <u>2,853,153</u>

Note 14 - Subsequent Event

Effective July 1, 2025, a material charter amendment approved by BESE took effect renaming Southwest Louisiana Charter Academy “Lake Charles Charter Academy Lower Campus” and merging its charter into the charter of Lake Charles Charter Academy. Each school was reconfigured to serve a distinct range of grade levels.

SUPPLEMENTAL INFORMATION

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combining Statement of Financial Position
June 30, 2025

Lake Charles Charter Academy Foundation, Inc. and Affiliates									
Lake Charles Charter Academy Foundation Project Series 2024					Lake Charles College Prep Project Series 2019				
	Lake Charles Charter Academy	Southwest Louisiana Charter Academy	Friends of Lake Charles Charter Academy Foundation, Inc.	Eliminations	Total	Lake Charles College Prep	Lake Charles Charter Academy Foundation	Eliminations	Combining Total
Current Assets:									
Cash and cash equivalents	\$ 3,241,203	\$ 2,301,103	\$ 11,258	\$ -	\$ 5,553,564	\$ 5,407,527	\$ 1,598,861	\$ -	\$ 12,559,952
Custodial funds - restricted cash	81,527	1,730	-	-	83,257	7,906	-	-	91,163
Grants receivable	138,547	203,356	-	-	341,903	117,399	-	-	459,302
Due from related parties	599,257	400,922	-	(240,210)	759,969	1,527,925	-	(2,287,894)	-
Due from custodial funds	8,943	2,482	-	-	11,425	-	-	-	11,425
Other receivables	112,613	48,975	-	-	161,588	-	-	-	161,588
Prepaid expenses	24,979	16,304	-	-	41,283	40,447	-	-	81,730
Other investments	1,634,426	-	-	-	1,634,426	-	-	-	1,634,426
Restricted investments	-	-	719,332	-	719,332	770,423	-	-	1,489,755
Total current assets	5,841,495	2,974,872	730,590	(240,210)	9,306,747	7,871,627	1,598,861	(2,287,894)	16,489,341
Property, Equipment and Right to use assets, Less Accumulated Depreciation and Amortization	16,615,625	16,812,358	28,814,695	(29,601,677)	32,641,001	18,802,950	-	-	51,443,951
Other Assets:									
Restricted investments	-	-	2,420,022	-	2,420,022	1,453,732	-	-	3,873,754
Deposits	11,462	8,626	-	-	20,088	-	-	-	20,088
Total other assets	11,462	8,626	2,420,022	-	2,440,110	1,453,732	-	-	3,893,842
Total assets	\$ 22,468,582	\$ 19,795,856	\$ 31,965,307	\$ (29,841,887)	\$ 44,387,858	\$ 28,128,309	\$ 1,598,861	\$ (2,287,894)	\$ 71,827,134

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combining Statement of Financial Position
(Continued)
June 30, 2025

Lake Charles Charter Academy Foundation, Inc. and Affiliates									
Lake Charles Charter Academy Foundation Project Series 2024						Lake Charles College Prep Project Series 2019			
Lake Charles Charter Academy	Southwest Louisiana Charter Academy	Friends of Lake Charles Charter Academy Foundation	Eliminations	Total	Lake Charles College Prep	Lake Charles Charter Academy Foundation	Eliminations	Combining Total	
Current Liabilities:									
Accounts payable and accrued expenses	\$ 271,594	\$ 121,060	\$ 8,546	\$ -	\$ 401,200	\$ 122,909	\$ -	\$ -	\$ 524,109
Salaries and wages payable	695,075	362,780	-	-	1,057,855	393,246	-	-	1,451,101
Accrued interest payable	54,953	65,002	58,994	(119,955)	58,994	93,860	-	-	152,854
Due to management company	559,363	167,351	-	-	726,714	521,253	-	-	1,247,967
Due to related parties	-	240,210	-	(240,210)	-	567,835	1,720,059	(2,287,894)	-
Due to custodial funds	-	-	-	-	-	12,272	-	-	12,272
Custodial funds	81,527	1,730	-	-	83,257	7,906	-	-	91,163
Compensated absences	43,987	36,970	-	-	80,957	27,967	-	-	108,924
Lease payables	435,210	514,790	-	(950,000)	-	-	-	-	-
Bonds payable	-	-	915,000	-	915,000	255,000	-	-	1,170,000
Total current liabilities	2,141,709	1,509,893	982,540	(1,310,165)	3,323,977	2,002,248	1,720,059	(2,287,894)	4,758,390
Noncurrent Liabilities:									
Compensated absences	14,663	12,323	-	-	26,986	9,322	-	-	36,308
Lease payables	10,572,855	19,026,844	-	(29,599,699)	-	-	-	-	-
Bonds payable, net of unamortized discount/premium and bond issuance costs	-	-	26,723,989	-	26,723,989	20,580,080	-	-	47,304,069
Total noncurrent liabilities	10,587,518	19,039,167	26,723,989	(29,599,699)	26,750,975	20,589,402	-	-	47,340,377
Total liabilities	12,729,227	20,549,060	27,706,529	(30,909,864)	30,074,952	22,591,650	1,720,059	(2,287,894)	52,098,767
Net Assets (Deficit) - Without Donor Restrictions	9,739,355	(753,204)	4,258,778	1,067,977	14,312,906	5,536,659	(121,198)	-	19,728,367
Total liabilities and net assets	\$ 22,468,582	\$ 19,795,856	\$ 31,965,307	\$ (29,841,887)	\$ 44,387,858	\$ 28,128,309	\$ 1,598,861	\$ (2,287,894)	\$ 71,827,134

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combining Statement of Activities
For the Year Ended June 30, 2025

	Lake Charles Charter Academy Foundation Project Series 2024					Lake Charles Charter Academy Foundation Project Series 2019			
	Lake Charles Charter Academy	Southwest Louisiana Charter Academy	Friends of Lake Charles Charter Academy Foundation, Inc.	Eliminations	Total	Lake Charles College Prep	Lake Charles Charter Academy Foundation	Eliminations	Combining Total
Net Assets Without Donor Restrictions:									
Support and Revenues:									
Minimum Foundation Program	\$ 12,114,046	\$ 10,761,609	\$ -	\$ -	\$ 22,875,655	\$ 8,501,549	\$ -	\$ -	\$ 31,377,204
State grants	559,705	303,808	-	-	863,513	158,491	-	-	1,022,004
Federal grants	2,372,966	2,018,193	-	-	4,391,159	1,074,704	-	-	5,465,863
Before and aftercare fees	39,664	74,083	-	-	113,747	-	-	-	113,747
Interest income	136,660	83,799	-	-	220,459	133,539	-	-	353,998
Other income	83,410	47,440	6,027,551	(5,940,838)	217,563	331,661	1,116	-	550,340
Total support and revenues	<u>15,306,451</u>	<u>13,288,932</u>	<u>6,027,551</u>	<u>(5,940,838)</u>	<u>28,682,096</u>	<u>10,199,944</u>	<u>1,116</u>	<u>-</u>	<u>38,883,156</u>
Expenses:									
Program services:									
Regular education	9,525,002	7,857,265	-	-	17,382,267	4,886,178	-	-	22,268,445
Special education	745,740	1,004,328	-	-	1,750,068	836,822	-	-	2,586,890
Other education	973,951	775,864	-	-	1,749,815	875,740	-	-	2,625,555
Supporting services:									
Management and general	4,127,783	3,552,884	1,768,773	(1,799,526)	7,649,914	3,561,957	22,128	-	11,233,999
Total expenses	<u>15,372,476</u>	<u>13,190,341</u>	<u>1,768,773</u>	<u>(1,799,526)</u>	<u>28,532,064</u>	<u>10,160,697</u>	<u>22,128</u>	<u>-</u>	<u>38,714,889</u>
Other items:									
Gain on extinguishment of debt	-	-	-	5,209,289	5,209,289	-	-	-	5,209,289
Change in net assets without donor restrictions	(66,025)	98,591	4,258,778	1,067,977	5,359,321	39,247	(21,012)	-	5,377,556
Net Assets (Deficit) Without Donor Restrictions, Beginning of Year	<u>9,805,380</u>	<u>(851,795)</u>	<u>-</u>	<u>-</u>	<u>8,953,585</u>	<u>5,497,412</u>	<u>(100,186)</u>	<u>-</u>	<u>14,350,811</u>
Net Assets (Deficit) Without Donor Restrictions, End of Year	<u>\$ 9,739,355</u>	<u>\$ (753,204)</u>	<u>\$ 4,258,778</u>	<u>\$ 1,067,977</u>	<u>\$ 14,312,906</u>	<u>\$ 5,536,659</u>	<u>\$ (121,198)</u>	<u>\$ -</u>	<u>\$ 19,728,367</u>

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combining Statement of Cash Flows
For the Year Ended June 30, 2025

Lake Charles Charter Academy Foundation, Inc. and Affiliates									
Lake Charles Charter Academy Foundation Project Series 2024					Lake Charles College Prep Project Series 2019				
	Lake Charles Charter Academy	Southwest Louisiana Charter Academy	Friends of Lake Charles Charter Academy Foundation, Inc.	Eliminations	Total	Lake Charles College Prep	Lake Charles Charter Academy Foundation	Eliminations	Combining Total
Cash Flows from Operating Activities:									
Change in net assets	\$ (66,025)	\$ 98,591	\$ 4,258,778	\$ 1,067,977	\$ 5,359,321	\$ 39,247	\$ (21,012)	\$ -	\$ 5,377,556
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:									
Gain on extinguishment of debt	-	-	-	(5,209,289)	(5,209,289)	-	-	-	(5,209,289)
Loss on sale of fixed assets	-	59,977	-	(59,977)	-	-	-	-	-
Depreciation	738,300	607,987	(41,445)	-	1,304,842	940,483	-	-	2,245,325
Amortization of bond issuance costs	333,729	338,844	60,274	(666,252)	66,595	9,782	-	-	76,377
Amortization of bond premium	3,369	3,462	(27,857)	-	(21,026)	(25,542)	-	-	(46,568)
Amortization of gain on refinancing	25,589	(229,431)	-	203,842	-	-	-	-	-
(Increase) decrease in:									
Grants receivable	563,596	258,470	-	-	822,066	218,461	-	-	1,040,527
Other receivables	(46,730)	(19,455)	-	-	(66,185)	-	-	-	(66,185)
Due to custodial funds	(8,943)	(2,482)	-	-	(11,425)	-	-	-	(11,425)
Due from related parties	(527,524)	92,253	-	-	(435,271)	(154,174)	-	589,445	-
Accrued interest receivable	-	-	-	-	-	9,214	-	-	9,214
Prepaid expenses	(8,866)	(15,470)	-	-	(24,336)	(39,157)	-	-	(63,493)
Deposits	(11,462)	-	-	-	(11,462)	-	-	-	(11,462)
Increase (decrease) in:									
Accounts payable and accrued expenses	56,591	(101,176)	8,546	-	(36,039)	(22,664)	-	-	(58,703)
Salaries and wages payable	157,359	(62,652)	-	-	94,707	80,182	-	-	174,889
Due to management company	113,792	(151,359)	-	-	(37,567)	(370,430)	-	-	(407,997)
Due to related parties	-	232,669	-	-	232,669	413,095	(56,319)	(589,445)	-
Due to custodial funds	(12,335)	-	-	-	(12,335)	12,272	-	-	(63)
Custodial funds	26,951	(23,341)	-	-	3,610	(9,794)	-	-	(6,184)
Accrued interest payable	12,332	12,458	58,994	-	83,784	8,214	-	-	91,998
Compensated absences	(4,948)	(21,678)	-	-	(26,626)	(25,822)	-	-	(52,448)
Net cash provided by (used in) operating activities	1,344,775	1,077,667	4,317,290	(4,663,699)	2,076,033	1,083,367	(77,331)	-	3,082,069

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Combining Statement of Cash Flows
(Continued)
For the Year Ended June 30, 2025

Lake Charles Charter Academy Foundation, Inc. and Affiliates									
Lake Charles Charter Academy Foundation Project Series 2024					Lake Charles College Prep Project Series 2019				
	Lake Charles Charter Academy	Southwest Louisiana Charter Academy	Friends of Lake Charles Charter Academy Foundation, Inc.	Eliminations	Total	Lake Charles College Prep	Lake Charles Charter Academy Foundation	Eliminations	Combining Total
Cash Flows from Investing Activities:									
Sales of investments	\$ 1,524,383	\$ 1,684,470	\$ 2,986,480	\$ -	\$ 6,195,333	\$ 1,410,651	\$ -	\$ -	\$ 7,605,984
Purchases of investments	-	-	(6,125,834)	-	(6,125,834)	(1,345,353)	-	-	(7,471,187)
Payments for purchase of property and equipment	(2,656,959)	(1,953,644)	(338,250)	4,129,950	(818,903)	(418,288)	-	-	(1,237,191)
Net cash used in investing activities	(1,132,576)	(269,174)	(3,477,604)	4,129,950	(749,404)	(352,990)	-	-	(1,102,394)
Cash Flows from Financing Activities:									
Premium on bonds payable	-	-	711,907	-	711,907	-	-	-	711,907
Payments on debt	(244,518)	(289,231)	-	533,749	-	(240,000)	-	-	(240,000)
Cost of issuance of bonds payable	-	-	(1,540,335)	-	(1,540,335)	-	-	-	(1,540,335)
Net cash used in financing activities	(244,518)	(289,231)	(828,428)	533,749	(828,428)	(240,000)	-	-	(1,068,428)
Increase (decrease) in cash and cash equivalents	(32,319)	519,262	11,258	-	498,201	490,377	(77,331)	-	911,247
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>3,355,049</u>	<u>1,783,571</u>	<u>-</u>	<u>-</u>	<u>5,138,620</u>	<u>4,925,056</u>	<u>1,676,192</u>	<u>-</u>	<u>11,739,868</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 3,322,730</u>	<u>\$ 2,302,833</u>	<u>\$ 11,258</u>	<u>\$ -</u>	<u>\$ 5,636,821</u>	<u>\$ 5,415,433</u>	<u>\$ 1,598,861</u>	<u>\$ -</u>	<u>\$ 12,651,115</u>
Amounts reported on the combining statement of financial position included in cash, cash equivalents and restricted cash above are as follows:									
Cash and cash equivalents	\$ 3,241,203	\$ 2,301,103	\$ 11,258	\$ -	\$ 5,553,564	\$ 5,407,527	\$ 1,598,861	\$ -	\$ 12,559,952
Custodial funds - restricted cash	81,527	1,730	-	-	83,257	7,906	-	-	91,163
Total cash and cash equivalents	<u>\$ 3,322,730</u>	<u>\$ 2,302,833</u>	<u>\$ 11,258</u>	<u>\$ -</u>	<u>\$ 5,636,821</u>	<u>\$ 5,415,433</u>	<u>\$ 1,598,861</u>	<u>\$ -</u>	<u>\$ 12,651,115</u>

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Statement of Financial Position to Fund Balance Reconciliation - Schools
June 30, 2025

	<u>Lake Charles Charter Academy</u>	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>
Total Net Assets (Deficit) Reported on the Combining Statement of Financial Position	\$ 9,739,355	\$ (753,204)	\$ 5,536,659
Capital assets are not reported for fund balance	(16,615,625)	(16,812,358)	(18,802,950)
Long-term liabilities applicable to the Foundation's governmental fund activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are in the combining statement of financial position			
Accrued interest payable - short term position	54,953	65,002	93,860
Debt - short term portion	435,210	514,790	255,000
Debt - long term portion	10,572,855	19,026,844	20,580,080
Compensated absences- short term	43,987	36,970	27,967
Compensated absences- long term	14,663	12,323	9,322
Total Fund Balance at June 30, 2025	<u>\$ 4,245,398</u>	<u>\$ 2,090,367</u>	<u>\$ 7,699,938</u>

Note: The Foundation is required by the Louisiana Department of Education to track and report amounts reported on the combining statement of financial position to amounts that would be reported on a governmental funds balance sheet so that they can submit an Annual Financial Report to reflect fund balance. Certain amounts related to capital assets and long-term liabilities are not reported on the governmental funds balance sheet, and are therefore not reported as part of fund balance as shown above.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Statement of Activities to Changes in Fund Balance Reconciliation - Schools
For the Year Ended June 30, 2025

	<u>Lake Charles Charter Academy</u>	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>
Changes in Net Assets Reported on the Combining Statement of Activities	\$ (66,025)	\$ 98,591	\$ 39,247
<p>Amounts reported in the combining statement of activities are different due to the following:</p> <p>Fund balance reports capital outlays as expenditures. However, in the combined statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>			
Capital outlays capitalized	(14,537,895)	(16,150,710)	(418,288)
Depreciation and amortization expense	1,100,987	950,293	924,723
Loss on disposal of fixed assets	-	59,977	-
Proceeds from debt	11,880,936	13,964,685	-
<p>Repayment of debt is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the combined statement of financial position.</p>			
Principal payments on bonds payable	(244,518)	(289,231)	(240,000)
<p>Expenses reported in the combined statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in fund balance.</p>			
Change in accrued interest payable	12,332	12,458	8,214
Change in compensated absences liability	<u>(4,948)</u>	<u>(21,678)</u>	<u>(25,822)</u>
Changes in Fund Balance	<u>\$ (1,859,131)</u>	<u>\$ (1,375,615)</u>	<u>\$ 288,074</u>

Note: The Foundation is required by the Louisiana Department of Education to track and report amounts reported on the combining statement of activities to amounts that would be reported on a governmental funds statement of revenues, expenditures, and changes in fund balance so that they can submit an Annual Financial Report to reflect fund balance. Certain amounts related to capital assets and long-term liabilities are not reported on the governmental funds statement of revenues, expenditures and changes in fund balance, and are therefore not reported as part of change in fund balance as shown above.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Schedule of Board of Directors
June 30, 2025

<u>Board Members</u>	<u>Compensation</u>
Judge Ulysses Gene Thibodeaux, President	\$ 0
Charles Honore, Vice President	\$ 0
Clyde Mitchell, Secretary and Treasurer	\$ 0
Phyllis Kittling, Trustee	\$ 0
Dr. Kathy Lewis-Thomas, Trustee	\$ 0
Nora Papillion, Trustee	\$ 0
Lorette Bass, Trustee	\$ 0

**Lake Charles Charter Academy Foundation, Inc. and Affiliates
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2025**

Agency Head: Judge Ulysses Gene Thibodeaux, President

Purpose	Amount
Salary	\$ 0
Benefits-Insurance	\$ 0
Benefits-Retirement	\$ 0
Car Allowance	\$ 0
Vehicle Provided by Government	\$ 0
Per Diem	\$ 0
Reimbursements	\$ 0
Travel	\$ 0
Registration Fees	\$ 0
Conference Travel	\$ 0
Continuing Professional Education Fees	\$ 0
Housing	\$ 0
Unvouchered Expenses	\$ 0
Special Meals	\$ 0

Note: Agency Head is a voluntary member who receives no compensation for his services to the Lake Charles Charter Academy Foundation, Inc.

FEDERAL AWARDS INFORMATION

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Provided to Subrecipients</u>
Federal Agency Name:				
Indirect Programs:				
U.S. Department of Agriculture -				
Passed through the Louisiana Department of				
Agriculture -				
Child Nutrition Cluster:				
National School Lunch Program	10.555	Unknown	\$ 1,406,152	\$ -
National School Breakfast Program	10.553	Unknown	463,059	-
Total U.S. Department of Agriculture and Total Child Nutrition Cluster			<u>1,869,211</u>	<u>-</u>
U.S. Department of Education -				
Passed through the Louisiana Department				
of Education -				
Title I Grants to Local Educational Agencies	84.010	S010A230018	<u>1,723,834</u>	<u>-</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	H027A230033	796,800	-
Special Education - Preschool Grants for Children with Disabilities	84.173	H173A240082	<u>4,349</u>	<u>-</u>
Total Special Education Cluster			801,149	-
Rural Education Achievement Program	84.358	S358B240018	<u>100,661</u>	<u>-</u>
English Language Acquisition State Grants - Title III	84.365	S365A230018	<u>38,561</u>	<u>-</u>
Supporting Effective Instruction State Grant, Title II	84.367	S367A230017	<u>122,727</u>	<u>-</u>
Comprehensive Literacy State Development	84.371	S371C190018-23	<u>91,994</u>	<u>-</u>
Student Support and Academic Enrichment - Title IV	84.424	S424A230019	<u>2,149</u>	<u>-</u>
COVID-19 - Education Stabilization Fund	84.425	S425U210003	<u>272,313</u>	<u>-</u>
Total U.S. Department of Education			<u>3,153,388</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Schedule of Expenditures of Federal Awards
(Continued)
For the Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Homeland Security - Passed through Louisiana Governor's Office of Homeland Security & Emergency Management - Disaster Grants - Public Assistance	97.036	Unknown	\$ <u>443,264</u>	\$ <u>-</u>
Total U.S. Department of Homeland Security			<u>443,264</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ <u><u>5,465,863</u></u>	\$ <u><u>-</u></u>

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal award activity of Lake Charles Charter Academy Foundation, Inc. (the "Foundation") for the year ended June 30, 2025. The information in this 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 Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2 - Summary of Significant Accounting Policies

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 allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Foundation did not elect to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**INTERNAL CONTROLS
AND COMPLIANCE**

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

To the Board of Directors
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, 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 combined financial statements of Lake Charles Charter Academy Foundation, Inc. and Affiliates (a nonprofit organization) (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated March 24, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Foundation'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation's combined 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 preceding paragraph 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's combined 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 no instances of noncompliance or other matters that is 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fort Lauderdale, Florida
March 24, 2026

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

To the Board of Directors
Lake Charles Charter Academy Foundation, Inc. and Affiliates
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Lake Charles Charter Academy Foundation, Inc. and Affiliates (the "Foundation") 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 the Foundation's major federal programs for the year ended June 30, 2025. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lake Charles Charter Academy Foundation, Inc. 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 ("GAAS"); 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 Foundation 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 Foundation'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 Foundation's federal programs.

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 Foundation'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 GAAS, *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 Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Foundation'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 Foundation'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 Foundation'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.

Report on Internal Control Over Compliance

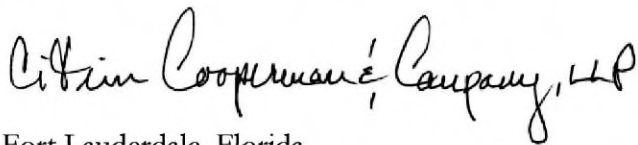
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Report on Internal Control Over Compliance (Continued)

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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.



Fort Lauderdale, Florida
March 24, 2026

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal program:

<u>Assistance Listing</u>	<u>Federal Programs</u>
10.553	United States Department of Agriculture
10.555	Child Nutrition Cluster
84.027	Special Education Cluster (IDEA)
84.173	

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

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENTS FINDINGS

None Reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2025

**Finding 2024-001 - Internal Control over Financial Statement Preparation (Repeat Finding – 2023-001)-
Material Weakness**

Condition: We noted, as part of the audit process, significant adjustments were necessary to correct the year end balances for certain accounts on the combined statement of financial position of the Foundation. These accounts included grants receivable, accounts payable, accrued interest expense, wages payable and net assets. These adjustments also impacted the combined statement of activities. Reclassifications were also necessary for proper presentation of federal and state revenues. Because of these items there is an indication that the internal controls over the year-end closing process of the Foundation are not properly designed and implemented.

Recommendation: The Foundation should strengthen its controls including its review and reconciliation processes over year-end closing entries.

Current Status: The finding has been corrected in the current year. No similar findings were noted in the 2025 audit.

Finding 2024-002 - Preparation of Schedule of Expenditures of Federal Awards

Condition: The initial SEFA prepared by the Foundation's personnel did not reconcile the federal expenditures reported on the SEFA to the federal revenue received by granting agency.

Recommendation: The Foundation should strengthen its controls including its review and approval processes over the information and balances that is accumulated and reported on the SEFA to make sure the expenditures reported are an accurate representation of federal costs.

Current Status: The finding has been corrected in the current year. SEFA data prepared by the Foundation's personnel was reconciled to the federal revenue received by the granting agency. No similar finding noted in the 2025 audit.

Finding 2024-003 - Noncompliance with State Audit Law

Condition: The Foundation was required to have an audit completed by the filing deadline of December 31, 2024 (six months after its fiscal year end) and the Foundation did not meet this filing deadline.

Recommendation: The Foundation should ensure requested documentation is provided in a timely manner to allow sufficient time for the auditor to complete their procedures in accordance with state law and meet future deadlines.

Current Status: The finding has been corrected in the current year. LLA granted a one-time extension to the Foundation through March 31, 2026 due to the unprecedented delay in the release of the 2025 Compliance Supplement and the reporting emergency thus caused. No similar finding noted in the 2025 audit.

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

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

To the Board of Directors, the Louisiana Department of Education
and the Louisiana Legislative Auditor
Lake Charles Charter Academy Foundation, Inc. and Affiliates
Lake Charles, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual combined financial statements of the Lake Charles Charter Academy Foundation, Inc. and Affiliates (the "Foundation") for the fiscal year ended June 30, 2025; related to the Foundation's compliance with Louisiana Revised Statute 24:514.I (the "specified requirements"). Management of the Foundation is responsible for its performance and statistical data and compliance with the specified requirements.

The Foundation's management 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 and assisting users in determining whether the Foundation complied with specified requirements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledge 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 among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No exceptions noted as a result of applying this procedure.

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.

No exceptions noted as a result of applying this procedure.

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

3. We obtained the 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).

No exceptions noted as a result of applying this procedure.

Public School Staff Data: Average Salaries (No Schedule Included)

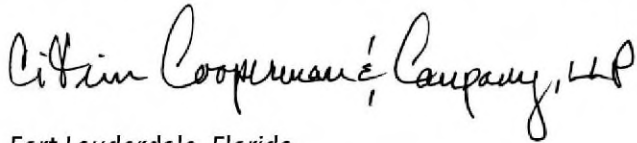
4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing prepared by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation 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).

No exceptions noted as a result of applying this procedure.

We were engaged by the Foundation's management 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, 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.

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

The purpose of applying the agreed-upon procedures is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual combined financial statements of the Foundation as required by Louisiana Revised Statute 24:514.I, and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Fort Lauderdale, Florida
March 24, 2026

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.

Lake Charles Charter Academy Foundation, Inc. and Affiliates
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2025

Schedule 1

**General Fund Instructional
and Equipment Expenditures:**

General Fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 10,040,193
Other instructional staff activities	126,360
Instructional staff employee benefits	2,513,605
Purchased professional and technical services	1,444,481
Instructional materials and supplies	276,387
Instructional equipment	<u>91,029</u>

Total teacher and student interaction activities \$ 14,492,055

Other instructional activities -

Pupil support activities	3,164,438
Less: equipment for pupil support activities	<u>2,750</u>

Net pupil support activities 3,161,688

Instructional staff services	996,531
Less: equipment for instructional staff services	<u>-</u>

Net instructional staff services 996,531

School administration	1,777,126
Less: equipment for school administration	<u>1,455</u>

Net school administration 1,775,671

Total General Fund instructional expenditures \$ 20,425,945

Total General Fund equipment expenditures \$ 95,234

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

Lake Charles Charter Academy Foundation, Inc. and Affiliates
General Fund Instructional and Support Expenditures
And Certain Local Sources
(continued)
For the Year Ended June 30, 2025

Schedule 1 (continued)

Certain Local Revenue Sources:

Local taxation revenue:	
Constitutional ad valorem taxes	\$ -
Renewable ad valorem tax	-
Debt services ad valorem tax	-
Up to 1% of collections by the sheriff on taxes other than school taxes	-
Sales and use taxes	-
	<hr/>
Total local taxation revenue	\$ -
	<hr/> <hr/>
Local earnings on investment in real property:	\$
Earnings from 16th Section property	-
Earnings from other real property	-
	<hr/>
Total local earnings on investment in real property	\$ -
	<hr/> <hr/>
State revenue in lieu of taxes:	
Revenue sharing - constitutional tax	\$ -
Revenue sharing - other taxes	-
Revenue sharing - excess portion	-
Other revenue in lieu of taxes	-
	<hr/>
Total state revenue in lieu of taxes	\$ -
	<hr/> <hr/>
Nonpublic textbook revenue	\$ -
	<hr/> <hr/>
Nonpublic transportation revenue	\$ -
	<hr/> <hr/>

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

Lake Charles Charter Academy Foundation, Inc. and Affiliates
 Class Size Characteristics
 As of October 1, 2024

Schedule 2

	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
School Type:								
Elementary	17%	148	34%	291	9%	76	1%	14
Elementary/activity classes	1%	6	5%	43	2%	15	0%	3
Middle/Junior High	0%	-	0%	-	0%	-	0%	-
Middle/Junior High activity classes	0%	-	0%	-	0%	-	0%	-
High	14%	122	11%	93	2%	21	0%	-
High activity classes	3%	26	1%	6	0%	2	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination activity classes	0%	-	0%	-	0%	-	0%	-

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 kindergarten through 3 is 26 students and maximum enrollment in grades 4 through 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.

See independent accountant’s report on applying agreed-upon procedures.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
(UNAUDITED)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Lake Charles Charter Academy Foundation, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance ("C/C") areas identified in the Louisiana Legislative Auditor's (the "LLA's") Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period July 1, 2024 through June 30, 2025. Management of Lake Charles Charter Academy Foundation, Inc. and Affiliates (the "Foundation") is responsible for those C/C areas identified in the SAUPs.

The Foundation 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 C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its 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:

Written Policies and Procedures

- 1) We obtained and inspected the Foundation's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or reported that the Foundation does not have any written policies and procedures), as applicable to public funds and the Foundation's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Written Policies and Procedures (Continued)

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Foundation's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Comment: No findings were identified as a result of applying these procedures. Ethics, Debt Service, and Sexual Harassment were not tested as the Foundation is a non-profit as per guidance in the SAUPs instructions published by the LLA.

Board or Finance Committee

- 2) We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
 - a) Observed whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Comment: No findings were identified as a result of applying these procedures.

Bank Reconciliations

- 3) We obtained a listing of Foundation bank accounts for the fiscal year from management and management's representation that the listing is complete. We asked management to identify the Foundation's main operating account. We selected the Foundation's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations included written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - c) Management had documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Comment: No findings were identified as a result of applying these procedures.

Collections (excluding electronic funds transfers)

- 4) We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete.
- 5) We randomly selected five deposits sites (or all deposit sites if less than 5). For each deposit site selected, we obtained and inspected written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Collections (excluding electronic funds transfers) (Continued)

- 6) We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed the bond or insurance policy for theft was enforced during the fiscal period.
- 7) We randomly selected two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). We obtained supporting documentation for each of the 10 deposits, and:
 - a) Observed that receipts were sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed whether the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Traced the actual deposit per the bank statement to the general ledger.

Comment: In testing, we discovered that certain deposit component items had been collected as many as thirty-nine days prior to depositing into the bank account.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8) We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
- 9) For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) (Continued)

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds (EFT), wire transfer, or some other electronic means.
- 10) For each location selected under #8 above, we obtained the Foundation's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and:
- a) Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Foundation.
 - b) Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- 11) Using the Foundation's main operating account and the month selected in Bank Reconciliations procedure #3A, we randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Foundation's policy, and (b) approved by the required number of authorized signers per the Foundation's policy.

Comment: No findings were identified as a result of applying these procedures.

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

- 12) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchasing cards ("P-cards") for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
- 13) Using the listing prepared by management, we randomly selected 5 cards (or all cards if the Foundation has less than 5 cards) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), obtained supporting documentation, and:

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

- a) Observed whether there was evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
- 14) Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions.
- a) For each transaction, we observed whether the transaction was supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased)
 - ii. Written documentation of the business/public purpose
 - iii. For meal charges, documentation of the individuals participating
- 15) Using the monthly statements or combined statements selected under procedure #14 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, we observed that it was supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For any missing receipts, we described the nature of the transaction and observed that management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Comment: No findings were identified as a result of applying these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 16) We obtained from management a listing of all travel and related expense reimbursements during the fiscal period and management representation that the listing or general ledger was complete. We randomly selected 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Travel and Travel-Related Expense Reimbursements (excluding card transactions) (Continued)

- c) Observed each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Comment: No findings were identified as a result of applying these procedures.

Contracts

- 17) We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period, or alternately an active vendor list. We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, approval was documented).
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

Comment: No findings were identified as a result of applying these procedures.

Payroll and Personnel

- 18) We obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- 19) We randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, we obtained attendance records and leave documentation for the pay period, and:
 - a) Observed whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Payroll and Personnel (Continued)

- a) Observed whether supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - b) Observed whether any leave accrued or taken during the pay period was reflected in the Foundation's cumulative leave records.
 - c) Observed whether the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.
- 20) We obtained from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Foundation's policy on termination payments. We agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to Foundation policy.
- 21) We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Comment: No findings were identified.

Ethics

- 22) Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:
- a) Observed whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observed whether the Foundation maintains documentation which demonstrates each employee and official were notified of any changes to the Foundation's ethics policy during the fiscal period, as applicable.
- 23) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Comment: Area not applicable as the Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities as per guidance in the SAUPs instructions published by the LLA.

Debt Service

- 24) Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Debt Service (Continued)

- 25) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Comment: Not applicable as the Foundation is a non-profit as per guidance in the SAUPs instructions published by the LLA.

Fraud Notice

- 26) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Foundation reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Foundation is domiciled as required by R.S. 24:523.
- 27) Observe the Foundation has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Comment: No findings were identified as a result of applying these procedures.

Information Technology Disaster Recovery/Business Continuity

- 28) We performed the following procedures and discussed the results with management:
- a) We obtained and inspected the Foundation's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) We obtained and inspected the Foundation's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - c) We obtained a listing of the Foundation's computers currently in use and their related locations, and management's representation that the listing is complete. We randomly select 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- 29) We randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19.
- a) Observed evidence that the selected terminated employees have been removed or disabled from the network.

Information Technology Disaster Recovery/Business Continuity (Continued)

- 30) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #18, we obtained cybersecurity training documentation from management, and observed that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267.
- a) Employees hired before June 9, 2020 - completed the training.
 - b) Employees hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Comment: No findings were identified as a result of applying these procedures. Procedure 28 is not applicable as charter schools are not required to comply with R.S. 42:1267 as per guidance in the SAUPs instructions published by the LLA.

Prevention of Sexual Harassment

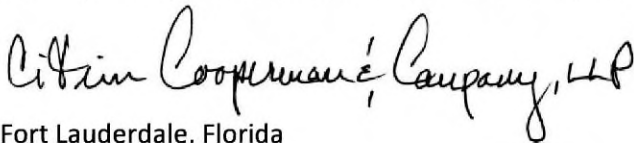
- 31) Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, we obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R. S. 42:343.
- 32) Observe the Foundation has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Foundation's premises if the Foundation does not have a website).
- 33) Obtain the Foundation's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Comment: Area not applicable as charter schools are not required to comply with R.S. 42:1267 as per guidance in the SAUPs published by the LLA.

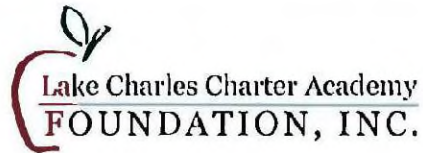
We were engaged by the Foundation's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We 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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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



Fort Lauderdale, Florida
March 24, 2026



March 24, 2026

Management Response to Collections Comment in the SAUP Results

Management continues to reinforce adherence to established internal control policies at the school level related to the timely deposit of collections.

Targeted discussions and refresher guidance will be conducted to emphasize the importance of timely bank deposits, clarify expectations, and review required timelines and documentation. Additionally, compliance with deposit requirements will be periodically reviewed as part of ongoing operational monitoring to ensure consistency and prevent recurrence. This includes formalizing follow-up with school leadership and the School Operations Administrator.

Management is committed to maintaining strong fiscal controls and will continue to take proactive steps to ensure all collections are deposited timely in accordance with internal policies and best practices.

A handwritten signature in black ink that reads "Lonnie Luce".

Lonnie Luce, State Superintendent,
Louisiana Regions

March 24, 2026