

**LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÉANS**
New Orleans, Louisiana

Consolidated Financial Report

Year Ended June 30, 2025

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
FINANCIAL STATEMENTS	
Consolidated statement of financial position	5
Consolidated statement of activities	6
Consolidated statement of functional expenses	7
Consolidated statement of cash flows	8
Notes to consolidated financial statements	9-22
SUPPLEMENTAL SCHEDULES	
Consolidating Statement of Financial Position	24
Consolidating Statement of Activities	25-26
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	28-29
Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	30-32
Schedule of expenditures of federal awards	33
Notes to schedule of expenditures of federal awards	34
Schedule of findings and questioned costs	35-36
Schedule of current and prior year audit findings and management's corrective action plan	37-43

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Lycée Francais De La Nouvelle-Orléans
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Lycée Francais De La Nouvelle-Orléans (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lycée Francais De La Nouvelle-Orléans as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Lycée Francais De La Nouvelle-Orléans and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Lycée Francais De La Nouvelle-Orleans recorded a prior period adjustment to correct the recognition of accrued liabilities that should have been recorded in the prior fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lycée Francais De La Nouvelle-Orléans'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 financial statements as a whole. The accompanying consolidating statement of financial position on page 24, consolidating statement of activities on pages 25 to 26 and the 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* on pages 33 to 34, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statement of financial position, consolidating statement of activities and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026, on our consideration of Lycée Francais De La Nouvelle-Orléans's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans'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 Lycée Francais De La Nouvelle-Orléans's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 13, 2026

FINANCIAL STATEMENTS

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidated Statement of Financial Position
June 30, 2025

ASSETS

Current assets:

Cash	\$ 2,863,343
Employee retention credits receivable	938,624
Other receivables	3,704
Accrued interest receivable	148,878
Grants receivable - due from government agencies	765,745
Prepaid expenses	<u>92,945</u>
Total current assets	<u>4,813,239</u>

Noncurrent assets:

Cash restricted for long-term purposes	81,400
Property & equipment, net	<u>17,385,130</u>
Total noncurrent assets	<u>17,466,530</u>
Total assets	<u>\$ 22,279,769</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 1,190,891
Accrued interest payable	58,334
Deferred revenues	69,723
Notes payable	99,909
Occupancy arrangement payable	<u>300,000</u>
Total current liabilities	<u>1,718,857</u>

Noncurrent liabilities:

Notes payable	<u>8,510,215</u>
Total liabilities	<u>10,229,072</u>

Net assets:

Without donor restrictions	11,514,801
With donor restrictions	<u>535,896</u>
Total net assets	<u>12,050,697</u>
Total liabilities and net assets	<u>\$ 22,279,769</u>

The accompanying notes are an integral part of the basic financial statements.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidated Statement of Activities
For the Year Ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Federal grants	\$ 988,355	\$ -	\$ 988,355
State grants	12,440,096	-	12,440,096
Tuition and activity income	212,900	-	212,900
Contributions	195,171	-	195,171
Employee retention tax credits	1,882,187	-	1,882,187
Interest revenue	294,475	-	294,475
Other income	250,825	-	250,825
Federal historic rehabilitation tax credits	1,399,212	-	1,399,212
Total revenues and support	17,663,221	-	17,663,221
Expenses:			
Program services:			
Elementary and kindergarten	2,989,039	-	2,989,039
Prekindergarten	524,872	-	524,872
Highschool	1,546,804	-	1,546,804
Special education	1,110,578	-	1,110,578
Operations and maintenance	2,138,467	-	2,138,467
Extracurricular activities	28,690	-	28,690
Aftercare	11,309	-	11,309
Student services	1,793,073	-	1,793,073
Other program services	616,174	-	616,174
Total Program services	10,759,006	-	10,759,006
Supporting services			
Administrative	4,801,161	-	4,801,161
Fundraising	97,994	-	97,994
Total Supporting services	4,899,155	-	4,899,155
Total expenses	15,658,161	-	15,658,161
Change in net assets	2,005,060	-	2,005,060
Net assets, beginning of year, restated	9,509,741	535,896	10,045,637
Net assets, end of year	\$ 11,514,801	\$ 535,896	\$ 12,050,697

The accompanying notes are an integral part of the basic financial statements.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services	Support Services		Total
		Administrative Expenses	Fundraising Expenses	
Expenses:				
Salaries	\$ 5,160,990	\$ 1,682,096	\$ 76,825	\$ 6,919,911
Employee benefits	719,527	421,419	5,877	1,146,823
Travel	2,272	17,576	-	19,848
School food services	295,002	-	-	295,002
Student transportation services	540,893	-	-	540,893
Materials and supplies	234,135	242,324	-	476,459
Dues and fees	-	213,088	-	213,088
Occupancy	894,129	250	-	894,379
Professional and technical services	1,265,827	1,149,146	1,953	2,416,926
Depreciation	688,637	-	-	688,637
Amortization of right to use asset	784,150	-	-	784,150
Interest	-	747,060	-	747,060
Taxes and licenses	-	56,288	-	56,288
Miscellaneous	173,444	271,914	13,339	458,697
	<u>173,444</u>	<u>271,914</u>	<u>13,339</u>	<u>458,697</u>
Totals	<u>\$ 10,759,006</u>	<u>\$ 4,801,161</u>	<u>\$ 97,994</u>	<u>\$ 15,658,161</u>

The accompanying notes are an integral part of the basic financial statements.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities:	
Change in net assets	\$ 2,005,060
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	688,637
(Gain) loss on disposal of right to use assets	(48,555)
Amortization of right to use assets	784,150
(Increase) decrease in operating assets	
Employee retention credits receivable	(938,624)
Accounts receivable	85,625
Other receivables	(3,704)
Accrued interest receivable	(148,878)
Lease receivable	(3,491)
Grants receivable	306,120
Prepaid expenses	119,724
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	(345,669)
Deferred revenues	69,723
Occupancy arrangement payable	<u>300,000</u>
Net cash provided by operating activities	<u>2,870,118</u>
Cash flows used for investing activities:	
Purchases of leasehold improvements	(313,988)
Purchases of property and equipment	<u>(22,819)</u>
Net cash used by investing activities	<u>(336,807)</u>
Cash flows used for financing activities:	
Principal payments on lease liabilities	(804,566)
Principal payments on notes payable	(79,322)
Principal payments on line of credit	<u>(1,356,175)</u>
Net cash used by financing activities	<u>(2,240,063)</u>
Net change in cash	293,248
Cash, beginning of year	<u>2,651,495</u>
Cash, end of year	<u>\$ 2,944,743</u>
Reconciliation to Statements of Financial Position	
Cash	\$ 2,863,343
Cash restricted for long-term purposes	<u>81,400</u>
Total cash and restricted cash	<u>\$ 2,944,743</u>
Supplemental disclosure of cash flow information	
Interest paid	<u>\$ 688,726</u>

The accompanying notes are an integral part of the basic financial statements.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

A. Nature of Organizations and Operations

Lycée Francais De La Nouvelle-Orléans. (LFNO) was established as an educational institution organized to provide a premier academic and multicultural environment geared to inspire students to their fullest potential. LFNO began operations during the 2011-2012 school year and currently offers classes in pre-K4 through twelfth grade using a French national curriculum. LFNO was granted a Type 2 charter by the Louisiana Board of Elementary and Secondary (BESE) effective June 30, 2011 and received a six-year renewal from BESE effective June 30, 2023.

During the year ending June 30, 2018 Amis du Lycée Francais (Amis) was organized as a supporting foundation to help the school with fundraising.

During the year ending June 30, 2020, 1601 Leonidas, LLC (Leonidas) was organized, with LFNO as the single member of the LLC, to manage the rehabilitation and redevelopment of a historic site located at 1601 Leonidas Street in New Orleans, Louisiana. On July 1, 2020 LFNO transferred its membership interest in Leonidas to 1601 Leonidas Managing Member, Inc. (1601 Managing Member).

The consolidated financial statements include the accounts of LFNO, Amis and 1601 Leonidas (collectively, LFNO) due to LFNO's controlling financial interest in both Amis and 1601 Leonidas. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

B. Financial Statement Presentation

LFNO reports information on its consolidated financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Revenue Recognition

Revenue received from state and local sources is recognized when earned, which generally corresponds to the period in which educational services are provided. Amounts received in advance are recorded as deferred revenues.

Grant revenue is recognized when qualifying expenditures are incurred and all eligibility requirements have been met. Amounts received prior to meeting these requirements are recorded as refundable advance.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

Contributions of donated non-cash assets are recorded at their fair values in the period received. Donated materials are valued at current market value at the time of donation. All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restriction. Contributions with donor restrictions, for which the restriction is met in the same year, are classified as net assets without donor restrictions.

Tuition and activity income include student tuition to attend the pre-K4 program, and summer camp as well as fees related to the after-school care program. Tuition and activity fees received for participation in the following academic year are recorded as deferred revenue and recognized as revenue in the next academic year.

D. Contributed Services

LFNO receives services donated by parents and community members in carrying out its mission. However, these contributed services do not meet the recognition criteria as outlined by U.S. GAAP and are not included in the consolidated financial statements.

E. Net Assets

The net assets of LFNO and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by the actions of the school or by the passage of time.

Net Assets without Donor Restrictions – Net Assets that are not subject to donor-imposed restrictions and may be spent for any purpose in performing the primary goals of the school. These net assets may be used at the discretion of the school's management and board of directors.

F. Cash and Cash Equivalents

For the purpose of the statement of cash flows, LFNO considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

G. Receivables

Grants and other receivables are stated at the amount management expects to collect in the future. Management provides for uncollectible amounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current collectability of individual account balances. Account balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable balance.

H. Promises to Give

LFNO 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 the present value techniques and risk-adjusted discount rates. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities.

I. Prepaid Expenses

Prepaid expenses are payments made in advance for goods and services that will benefit future periods. LFNO records prepaid items at the time of payment and recognizes expense over the periods in which the related benefits are consumed. Prepaid expenses primarily consist of insurance premiums, software subscriptions, and other operating costs paid in advance. Prepaid amounts are amortized on a straight-line basis over the applicable service period. Prepaid expenses are classified as current assets in the statement of net position. Management evaluates prepaid balances for impairment and recoverability on an ongoing basis. No material impairments were recorded during the year ending June 30, 2025.

J. Fixed Assets

Fixed assets are recorded at historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. It is the school's policy to capitalize fixed assets valued at \$5,000 or more. Fixed assets are being depreciated over their estimated useful lives using the straight-line method. The range of estimated useful lives is as follows:

Buildings and improvements	30 years
Furniture, fixtures and equipment	7-10 years
Leasehold improvements	5-7 years

The carrying value of fixed assets is reviewed by management whenever events or circumstances indicate that the carrying value may not be recoverable from the estimated future cash flows expected to result from its use and eventual

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

disposition. When a fixed asset is considered to be impaired by management, an impairment loss is recognized to the extent that the carrying value of the fixed asset exceeds its fair value. Management has noted no indications that the Organization's fixed assets are impaired during the year ended June 30, 2025.

K. Compensated Absences

All 12-month faculty and staff earn fifteen days or one hundred twenty hours of paid time off while all 10-month faculty earn ten days or eighty hours of paid time off each year. Paid time off can be used throughout the year, with the permission of a supervisor, for time off due to illness, emergencies, and other personnel reasons. Any unapproved days off are considered unpaid leave which may result in disciplinary actions up to and including termination. At the time of separation, employees are paid for all earned unused paid time off and any unearned paid time off used is deducted from the employee's final paycheck.

L. Leases (ASC 842)

Management applies judgement at a contract's inception to determine whether a contract contains a lease and whether that lease should be included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. The lease term is defined as the non-cancellable term which may include options to extend and/or end when it is reasonably certain management will exercise these options. Management uses the lease term to determine the proper lease classification, calculate the lease liability, and determine the incremental borrowing rate. Management also uses judgement to allocate consideration in a contract between the lease and non-lease components and determine the incremental borrowing rate used to discount future lease payments.

LFNO has elected the short-term lease exemption for leases with an initial term of twelve months or less and does not recognize ROU assets or lease liabilities for these types of leases. Lease payments for short-term leases are recognized as expense on a straight-line basis over the lease term. Management has chosen, as an accounting policy, to not separate lease and non-lease components for certain classes of underlying assets.

M. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to program services and support services.

N. Income Taxes

LFNO and Amis are organized as nonprofit organizations that are exempt from income taxes under provisions of the Internal Revenue Service Code Section 501(c)(3) as well as Louisiana Revised Statutes. No provisions have been made in the

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

financial statements for federal or state income taxes. 1601 Leonidas, LLC is organized as a low profit limited liability company subject to Internal Revenue Service Code Section 170(c)(2)(b) and Louisiana Act 417 of 2010.

LFNO applies the “more-likely-than-not” recognition threshold for all tax uncertainties. This approach allows for the recognition of tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the tax authorities. Management has reviewed LFNO’s tax positions and determined there were no outstanding or retroactive tax positions with less than a fifty percent likelihood of being sustained upon examination by the taxing authorities.

O. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Concentration

LFNO receives a substantial portion of its support from state and local funding sources. A significant reduction in this funding may have an adverse effect on LFNO’s programs and operations.

2. Cash and Interest-Bearing Deposits

At June 30, 2025, LFNO held cash and interest-bearing deposits (book balances) totaling \$2,944,743 at a local financial institution. These deposits are stated at cost, which approximates market.

Custodial credit risk is the risk that, in case of a bank failure, LFNO’s deposits may not be returned. LFNO does not have a formal policy addressing custodial credit risk. At June 30, 2025, LFNO held bank balances totaling \$2,950,831 which were covered by \$500,000 of federal depository insurance. The remaining uninsured bank balance of \$2,450,831 was collateralized by securities held by the pledging bank in the bank’s name. While the pledged securities are considered to be sufficient to protect the deposits, LFNO was exposed to custodial credit risk at June 30, 2025.

3. Employee Retention Credits

During the year ending June 30, 2025, Lycée Francias De La Nouvelle-Orleans (LFNO) recognized Employee Retention Credits (ERC) under provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as amended. The ERC is a refundable payroll tax credit available to eligible employers that retained employees during the COVID-19 pandemic. The ERC

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

are accounted for as governmental aid rather than an income tax benefit. Revenue is recognized when LFNO has substantially met the eligibility requirements and collection of credits is considered probable.

As of June 30, 2025, LFNO recorded an ERC receivable of \$938,624, representing refundable payroll tax credits claimed, as well as \$148,878 in interest earned, with the Internal Revenue Service (IRS) for qualifying wages and employer-paid health insurance costs incurred in 2020 and 2021. Management determined that revenue recognition criteria were not met in prior years due to uncertainty about eligibility and collection. Revenue was recognized when these criteria were satisfied during the year ended June 30, 2025. Management believes the receivable is realizable based on compliance with program eligibility requirements. Claims filed under the ERC program are subject to review and examination by the IRS. Based on management's evaluation of the likelihood of repayment or disallowance, no allowance for doubtful accounts is needed as of June 30, 2025.

During the year ended June 30, 2025, LFNO recognized ERC revenue of \$1,882,187, which is presented as Employee Retention Tax Credits revenue in the accompanying statement of activities. ERC revenues are classified as non-MFP federal support and are not included in the Minimum Foundation Program revenues. Any adjustments, penalties, or reductions in ERC claims resulting from future examinations will be recognized in the period such determination becomes available.

For the year ending June 30, 2025 total interest earned on ERC refunds of \$289,160 is not considered federal program revenue for reporting purposes, LFNO paid a total of \$28,800 in professional fees to a third-party for calculating and preparing the employee retention credit applications filed with the IRS during the year ending June 30, 2025.

4. Grants Receivable

Grant receivables consisted of the following at June 30, 2025:

United States Department of Education:	
IDEA / Special Education	\$ 210,630
IDEA Part B	22,358
Title I	190,142
School Food Services	4,950
Louisiana Department of Education	
LA-4	40,734
Minimum Foundation Program	55,274
NOLA Public Schools	241,657
	<u>\$ 765,745</u>

Grant receivables were considered to be fully collectible by management. So, no allowance for doubtful accounts is required at June 30, 2025.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

5. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2025 are as follows:

Priestly campus development - time and purpose restrictions	\$ 497,869
Library - time and purpose restrictions	18,000
General programs - time and purpose restrictions	<u>20,027</u>
	<u>\$ 535,896</u>

Compliance with Donor-Imposed Restrictions

The accompanying consolidated financial statements include the accounts of LFNO, Amis, and 1601 Leonidas (collectively, LFNO) Certain funds received by LFNO are subject to donor-imposed restrictions, including requirements that cash and cash equivalents are kept in segregated accounts and used only for specific purposes.

During the year ended June 30, 2025, one of LFNO's consolidated entities did not keep sufficient cash balances in accounts designated for donor-restricted purposes to fully comply with such donor restrictions. As of June 30, 2025, the amount of donors restricted net assets for which corresponding cash was not kept in accordance with donor requirements total approximately \$297,719. Management has evaluated the circumstances surrounding this matter and believes the deficiency resulted from timing differences in cash flows and operational needs. LFNO intends to restore compliance by replenishing the required balances and implementing enhanced monitoring procedures to ensure adherence to donor restrictions going forward. Noncompliance with donor-imposed restrictions could result in potential repayment obligations or other actions by the donor. However, no such actions have been taken as of the date of these financial statements.

6. Property & Equipment

A summary of fixed assets at June 30, 2025 is as follows:

Land	\$ 360,000
Leasehold improvements	19,511,683
Furniture, fixtures, and equipment	<u>764,323</u>
Total property & equipment	20,636,006
Less: accumulated depreciation	<u>(3,250,876)</u>
Property & equipment, net	<u>\$ 17,385,130</u>

Depreciation expense and amortization of right to use assets was \$688,637, and \$784,150, respectively, for the year ended June 30, 2025.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

7. Federal Historic Rehabilitation Tax Credits

In previous fiscal years LFNO completed the rehabilitation of a historical structure located at 1601 Leonidas Street, New Orleans, Louisiana (Project). The Project participates in a federal historic rehabilitation tax credit program under Section 47 of the Internal Revenue Code in connection with the rehabilitation of a qualified historic property. The credits are generated based on qualified rehabilitation expenses and are subject to certification by the appropriate federal and state historic preservation authorities, as well as ongoing compliance requirements.

LFNO, through its affiliated entity 1601 Leonidas, LLC, entered into an arrangement with an investment member whereby the investor provides capital contributions in exchange for substantially all federal historic rehabilitation tax credits generated by the Project. Management has determined that the substance of this arrangement represents consideration received in exchange for the transfer of tax credit benefits rather than a capital equity investment. Accordingly, proceeds received from the investor member are recognized as income in the period in which the underlying rehabilitation expenses and related tax credits are earned, as the earnings process is considered substantially complete upon achievement of the qualifying rehabilitation milestones. For the year ended June 30, 2025, 1601 Leonidas, LLC recognized \$1,399,212 of historic rehabilitation tax credit-related income.

The realization of this income is subject to continuing compliance with federal program requirements, including the maintenance of the qualified rehabilitation status of the property for the required compliance period. Failure to meet such requirements could result in recapture or reduction of previously recognized amounts, which would be recorded in the period in which such determination becomes probable.

Management has evaluated the applicable accounting guidance and concluded that recognition of income over the rehabilitation period appropriately reflects the transfer of economic benefits associated with the tax credit arrangement.

8. Lines of Credit

LFNO maintained multiple lines of credit with a local financial institution to support cash flow needs and ongoing operations during the year ended June 30, 2025. The terms and outstanding balances of these agreements are as follows.

Construction Line of Credit

During the year ended June 30, 2021, LFNO entered into a non-revolving line of credit agreement to finance the construction, rehabilitation, and development of a new school campus located at 1601 Leonidas Street in New Orleans, Louisiana. The non-revolving line of credit allowed LFNO to borrow up to the total aggregate principal amount of \$3,138,586 and bears annual interest of 1.25% over the prime lending rate as published in the Wall Street Journal. The loan was secured by substantially all assets of LFNO with accrued monthly interest only payments due beginning September 1, 2020 through the principal maturity date of June 30, 2025. On October 30, 2024, LFNO repaid all outstanding balances and formally cancelled the line of credit.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

Operating Line of Credit

LFNO has a revolving line of credit with a maximum borrowing capacity of \$150,000. Borrowings under this agreement bear interest at an annual rate of 6.625%. The line of credit is unsecured and matures in December 2026. There were no outstanding borrowings under this agreement at June 30, 2025.

9. Note Payable

During the year ending June 30, 2021, LFNO entered into a construction loan agreement with an independent third-party lender to finance the construction, rehabilitation, and development of a new school campus located at 1601 Leonidas Street, New Orleans, Louisiana. The lender agreed to provide a loan in an aggregate principal amount of \$9,475,970 and defer interest on the loan through September 2021. The loan is secured by all property, rights, interests, and privileges subject to the liens granted to the lender, or any security of the trustee, 1601 Leonidas, LLC. The loan matures on the first day of the month following the date that is sixty-one months after the date the new school campus was placed into service in December 2021. At June 30, 2025, the balance of the loan was \$8,610,124.

The annual debt service requirements of the note payable at June 30, 2025 are as follows:

Year Ending June 30,	Principal payments	Interest payments	Total
2026	\$ 99,909	\$ 411,826	\$ 511,735
2027	8,510,215	253,490	8,763,705
	\$ 8,610,124	\$ 665,316	\$ 9,275,440

10. Lease Commitments

LFNO decides whether an arrangement is a lease at its inception. Under ASC 842, *Leases* operating leases are recorded as right-of-use (ROU) assets and lease liabilities in the statement of financial position.

Leases Recognized Under ASC 842, *Leases*

During the year ending June 30, 2025, LFNO had two operating leases that met the criteria for recognition under ASC 842, both of which were recorded as right-of-use (ROU) assets and corresponding lease liabilities. One lease was with an unrelated third party which was terminated effective June 30, 2025. LFNO derecognized the associated ROU asset and lease liability and recognized a gain in the statement of activities at the time of termination. The details of this third-party lease agreement are outlined in the paragraph below.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

In July 2017 LFNO entered into a lease agreement with an unrelated third-party for the use of school property and facilities located at 5951 Patton Street in New Orleans, Louisiana. The lease term was for a ten-year period beginning July 2017 through June 2027. The lease provided for five percent annual increases to the annual lease payment beginning in July 2018 and LFNO the right to renew the lease term for one additional five-year term under the same terms and conditions in effect at the time the option to renew is exercised. At the time of the lease termination, LFNO entered into a short-term occupancy arrangement with the third-party to allow for equipment storage and continue limited occupancy of the premises while a new school campus was prepared. The occupancy arrangement included consideration of \$300,000 to be paid for the use of the facility extending beyond the lease termination date. Management considers the occupancy arrangement to be a non-lease services arrangement with any amount paid to be recognized as expense in the period incurred.

More information about LFNO's leases recognized under ASC 842 at June 30, 2025 follows.

ROU assets and lease liabilities are as follows

Operating lease ROU assets	<u>\$4,082,263</u>
Current portion of operating lease liabilities	<u>\$ 883,957</u>
Long-term portion of operating lease liabilities	<u>\$ 4,030,200</u>

Other Information

Operating lease cost	<u>\$1,111,230</u>
Cash paid for amounts in lease liabilities	<u>\$ 968,695</u>
Operating cash flows from operating leases	<u>\$1,152,932</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -
Weighted-average remaining lease term- operating leases	6.25 years
Weighted-average discount rate- operating leases	6.00%

The maturities of lease liabilities as of June 30, 2025 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 883,957	\$ 261,089	\$ 1,145,046
2027	637,346	224,602	861,948
2028	694,373	184,813	879,186
2029	755,276	141,496	896,772
2030	820,293	94,413	914,706
Thereafter	1,122,912	45,647	1,168,559
	<u>\$ 4,914,157</u>	<u>\$ 952,060</u>	<u>\$ 5,866,217</u>

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

Arrangements Not Recognized as Leases Under ASC 842

In July 2018 and 2020, respectively, LFNO entered into two facility use arrangements with the Orleans Parish School Board (OPSB) for the use of school property and facilities located at 1800 Monroe Street and 1607 S. Carrollton Avenue in New Orleans, Louisiana. Both use arrangements were renewed through June 30, 2025. Under both arrangements, LFNO agreed to pay OPSB a Use Fee and take part in OPSB's Per Pupil Unit Cost Program (Unit Cost Program). The Use Fee is determined by the per pupil share of the actual costs of the property, boiler, and machinery, terrorism, disaster management and flood insurance for all OPSB controlled school facilities participating in the Unit Cost Program, including any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional leasing relationship. Management evaluated the facility use arrangements and determined they do not meet the definition of a lease under ASC 842, *Leases* because LFNO does not receive substantially all of the economic benefits from the use of the facilities, the consideration paid is nominal and the arrangements are, in substance, in-kind contributions. The properties and facilities are not owned by LFNO and are not included in LFNO's property and equipment at June 30, 2025.

11. Related-Party Lease Transactions (ASC 842)

LFNO entered into a property lease agreement with 1601 Leonidas, LLC, a related party, in July 2020, for the use of a restored historic building located at 1601 Leonidas, New Orleans, Louisiana. The lease payments began in December 2021 and continue for ten years from the commencement date. 1601 Leonidas, LLC was set up to support LFNO's educational mission and is an affiliated nonprofit entity that is included in the accompanying consolidated financial statements.

Lessee Accounting

LFNO accounts for its lease arrangements in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*. Accordingly, LFNO recognizes a right-of-use (ROU) asset and a corresponding lease liability for its facility leases based on the present value of lease payments.

Lessor Accounting (Affiliated Entity)

1601 Leonidas, LLC recognizes lease revenues on a straight-line basis over the lease term in accordance with ASC 842. As a result, differences between contractual lease payments and straight-line lease revenue are recorded as lease receivable (or deferred rent balance) in the separate financial statements of 1601 Leonidas, LLC.

Intercompany Eliminations

Because the lease transactions occur between affiliated entities included in the consolidated financial statements, all related-party balances and transactions have been eliminated in consolidation. After elimination, no lease receivable or lease liability exists between consolidated entities, and the underlying property assets are presented within consolidated property and equipment, net of accumulated depreciation where applicable.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

Lease Payments and Commitments

For the year ending June 30, 2025, total cash payments under these related-party agreements approximated \$782,352. Future minimum lease payments under non-cancelable lease agreements are disclosed in the commitments section of the notes to the financial statement. The related lease is included in operating lease right-of-use assets and liabilities in the accompanying statements. See Note 10 – *Lease Commitments* for more information about this lease.

12. Defined Contribution Retirement Plan

LFNO sponsors a defined contribution plan (the Plan) for its employees that was originally adopted in July 2011. The Plan covers all employees of LFNO who are at least twenty-one years of age, and who have completed one year of continuous service working a minimum of one thousand hours during the year. LFNO matches one hundred percent of the employee's first five percent of contributions. LFNO funded matching contributions to the Plan of \$72,676, which is included as program services expense in the consolidated statement of activities.

13. Schedule of Compensation, Benefits and Other Payments to Director

A detail of compensation, benefits, and other payments made to Dr. Chase McLaurin, Superintendent, for the year ended June 30, 2025 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 204,889
Benefits - fica and medicare	14,023
Benefits - insurance	6,079
Benefits - retirement	9,844
	<u>\$ 234,835</u>

14. Commitments and Contingencies

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit and review by the entities providing the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. Management is not aware of any disallowances related to grants as of June 30, 2025. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

Standby Letter of Credit

LFNO is a party to an irrevocable standby letter of credit issued by a local financial institution in favor of a utility provider in the amount of \$31,230. The letter of credit expires in February 2026, and no amounts have been drawn under this letter of credit as of June 30, 2025. The standby letter of credit does not represent a borrowing arrangement available to LFNO and is intended solely to guarantee payment to the utility provider under specified conditions.

15. Prior Period Restatement – Correction of an Error

During the year ending June 30, 2025, management identified an error in previously issued consolidated financial statements related to the accounting for preferred returns associated with a historic preservation tax credit financing arrangement. In the prior year, management did not record preferred return obligations that had been incurred but not paid as of year-end. The obligations recorded as accrued liabilities were not intercompany in nature and were not eliminated in the consolidation process. Management determined that accrued liabilities were understated by \$46,666, resulting in expenses being understated and net assets being overstated by \$46,666 at June 30, 2024. This adjustment has had no impact on the change in net assets for the current year.

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
July 1, 2024 net assets as reported	\$ 9,556,407	\$ 535,896	\$ 10,092,303
Prior period adjustments, correction of an error:			
Accrued liabilities	<u>(46,666)</u>	<u>-</u>	<u>(46,666)</u>
July 1, 2024 net assets, as restated	<u>\$ 9,509,741</u>	<u>\$ 535,896</u>	<u>\$ 10,045,637</u>

16. Litigation

There was no litigation pending against LFNO as of June 30, 2025.

17. Evaluation of Subsequent Events

Management of LFNO has evaluated subsequent events through May 13, 2026, the date these financial statements were available for release.

Prior to June 30, 2025, LFNO submitted a claim for refund under the Employee Retention Credit (ERC) program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the Internal Revenue Service (IRS). The claim relates to qualified wages paid during the quarter ending June 30, 2021. In August 2025, subsequent to year-end, the Internal Revenue Service approved the claim, including statutory interest, in the total amount of \$1,209,516, of which

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

\$169,606 consisted of interest income. The ERC part of the claim will be recognized as federal aid revenue (nonexchange transaction), and the related interest will be recognized as interest income in the fiscal year ending June 30, 2026. LFNO did not record these amounts in the accompanying financial statements for the year ending June 30, 2025, as the conditions necessary for recognition were not met as of year-end. While management believes this claim is valid, it remains subject to potential review by the IRS.

18. Liquidity and Availability of Resources

LFNO's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2025</u>
Cash	\$2,863,343
Employer retention credits receivable	938,624
Other receivables	3,704
Accrued interest receivable	148,878
Grants receivable - due from government agencies	765,745
Prepaid expenses	<u>92,945</u>
Total financial assets	4,813,239
Less amounts not available within one year to be used for general expenditures	
Net assets with donor restrictions	<u>535,896</u>
Financial assets available for general expenditures within one year	<u>\$4,277,343</u>

As part of its liquidity management, LFNO has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUPPLEMENTAL SCHEDULES

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana
Consolidating Statement of Financial Position
June 30, 2025

	Lycée Français de la Nouvelle- Orléans	Amis du Lycée Français	1601 Leonidas, LLC	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash	\$ 2,442,663	\$ 117,456	\$ 303,224	\$ -	\$ 2,863,343
Employee retention credits receivable	938,624	-	-	-	938,624
Other receivables	3,704	-	-	-	3,704
Accrued interest receivable	148,878	-	-	-	148,878
Grants receivable - due from government agencies	765,745	-	-	-	765,745
Prepaid expenses	21,689	-	132,714	(61,458)	92,945
Due from related parties	-	122,104	-	(122,104)	-
Total current assets	<u>4,321,303</u>	<u>239,560</u>	<u>435,938</u>	<u>(183,562)</u>	<u>4,813,239</u>
Noncurrent assets:					
Leases receivable	-	-	487,149	(487,149)	-
Cash restricted for long-term purposes	-	-	81,400	-	81,400
Property & equipment, net	350,736	-	17,034,394	-	17,385,130
Right of Use Asset - Facilities, Net	4,082,263	-	-	(4,082,263)	-
Investment in 1601 Leonidas, LLC	7,867,292	-	-	(7,867,292)	-
Total noncurrent assets	<u>12,300,291</u>	<u>-</u>	<u>17,602,943</u>	<u>(12,436,704)</u>	<u>17,466,530</u>
Total assets	<u>\$ 16,621,594</u>	<u>\$ 239,560</u>	<u>\$ 18,038,881</u>	<u>\$ (12,620,266)</u>	<u>\$ 22,279,769</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,139,805	\$ 1,383	\$ 66,416	\$ (16,713)	\$ 1,190,891
Accrued interest payable	-	-	58,334	-	58,334
Deferred revenues	-	-	69,723	-	69,723
Due to related parties	122,104	-	-	(122,104)	-
Note payable	-	-	99,909	-	99,909
Lease and occupancy arrangement payables	883,957	-	-	(583,957)	300,000
Total current liabilities	<u>2,145,866</u>	<u>1,383</u>	<u>294,382</u>	<u>(722,774)</u>	<u>1,718,857</u>
Noncurrent liabilities:					
Note payable	-	-	8,510,215	-	8,510,215
Lease liabilities	4,030,200	-	-	(4,030,200)	-
Total noncurrent liabilities	<u>4,030,200</u>	<u>-</u>	<u>8,510,215</u>	<u>(4,030,200)</u>	<u>8,510,215</u>
Total liabilities	<u>6,176,066</u>	<u>1,383</u>	<u>8,804,597</u>	<u>(4,752,974)</u>	<u>10,229,072</u>
Net assets:					
Without donor restrictions	10,445,528	(297,719)	9,234,284	(7,867,292)	11,514,801
With donor restrictions	-	535,896	-	-	535,896
Total net assets	<u>10,445,528</u>	<u>238,177</u>	<u>9,234,284</u>	<u>(7,867,292)</u>	<u>12,050,697</u>
Total liabilities and net assets	<u>\$ 16,621,594</u>	<u>\$ 239,560</u>	<u>\$ 18,038,881</u>	<u>\$ (12,620,266)</u>	<u>\$ 22,279,769</u>

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidating Statement of Activities
For the Year Ended June 30, 2025

	<u>Lycée Français de la Nouvelle-Orléans</u>			<u>Amis du Lycée Français</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains and support:						
Federal grants	\$ 988,355	\$ -	\$ 988,355	\$ -	\$ -	\$ -
State grants	12,440,096	-	12,440,096	-	-	-
Tuition and activity income	212,900	-	212,900	-	-	-
Contributions	169,124	-	169,124	184,513	-	184,513
Employee retention tax credits	1,882,187	-	1,882,187	-	-	-
Interest revenue	294,475	-	294,475	-	-	-
Other income	250,175	-	250,175	650	-	650
Federal historic rehabilitation tax credits	-	-	-	-	-	-
Total revenues, gains and support	<u>16,237,312</u>	<u>-</u>	<u>16,237,312</u>	<u>185,163</u>	<u>-</u>	<u>185,163</u>
Expenses:						
Program services:						
Elementary and kindergarten	2,989,039	-	2,989,039	-	-	-
Prekindergarten	524,872	-	524,872	-	-	-
Highschool	1,546,804	-	1,546,804	-	-	-
Special education	1,110,578	-	1,110,578	-	-	-
Operations and maintenance	2,048,081	-	2,048,081	-	-	-
Extracurricular activities	28,690	-	28,690	-	-	-
Aftercare	11,309	-	11,309	-	-	-
Student services	1,793,073	-	1,793,073	-	-	-
Other program services	616,174	-	616,174	158,466	-	158,466
Total program services	<u>10,668,620</u>	<u>-</u>	<u>10,668,620</u>	<u>158,466</u>	<u>-</u>	<u>158,466</u>
Support services	<u>4,288,328</u>	<u>-</u>	<u>4,288,328</u>	<u>121,293</u>	<u>-</u>	<u>121,293</u>
Total expenses	<u>14,956,948</u>	<u>-</u>	<u>14,956,948</u>	<u>279,759</u>	<u>-</u>	<u>279,759</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	1,280,364	-	1,280,364	(94,596)	-	(94,596)
Net assets, beginning of year, restated	<u>9,165,164</u>	<u>-</u>	<u>9,165,164</u>	<u>(203,123)</u>	<u>535,896</u>	<u>332,773</u>
Net assets, end of year	<u>\$ 10,445,528</u>	<u>\$ -</u>	<u>\$ 10,445,528</u>	<u>\$ (297,719)</u>	<u>\$ 535,896</u>	<u>\$ 238,177</u>

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidating Statement of Activities
For the Year Ended June 30, 2025

1601 Leonidas, LLC

	Without donor restrictions	With donor restrictions	Total	Eliminations	Consolidated Total
Revenues and support:					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 988,355
State grants	-	-	-	-	12,440,096
Tuition and activity income	-	-	-	-	212,900
Contributions	-	-	-	(158,466)	195,171
Employee retention tax credits	-	-	-	-	1,882,187
Interest revenue	-	-	-	-	294,475
Other income	782,352	-	782,352	(782,352)	250,825
Federal historic rehabilitation tax credits	1,399,212	-	1,399,212	-	1,399,212
Total revenues and support	<u>2,181,564</u>	<u>-</u>	<u>2,181,564</u>	<u>(940,818)</u>	<u>17,663,221</u>
Expenses:					
Program services:					
Elementary and kindergarten	-	-	-	-	2,989,039
Prekindergarten	-	-	-	-	524,872
Highschool	-	-	-	-	1,546,804
Special education	-	-	-	-	1,110,578
Operations and maintenance	872,738	-	872,738	(782,352)	2,138,467
Extracurricular activities	-	-	-	-	28,690
Aftercare	-	-	-	-	11,309
Student Services	-	-	-	-	1,793,073
Other program services	-	-	-	(158,466)	616,174
	<u>872,738</u>	<u>-</u>	<u>872,738</u>	<u>(940,818)</u>	<u>10,759,006</u>
Support services	489,534	-	489,534	-	4,899,155
Total expenses	<u>1,362,272</u>	<u>-</u>	<u>1,362,272</u>	<u>(940,818)</u>	<u>15,658,161</u>
Capital contributions	614,595	-	614,595	(614,595)	-
Change in net assets	1,433,887	-	1,433,887	(614,595)	2,005,060
Net assets, beginning of year, restated	<u>7,800,397</u>	<u>-</u>	<u>7,800,397</u>	<u>(7,252,697)</u>	<u>10,045,637</u>
Net assets, end of year	<u>\$ 9,234,284</u>	<u>\$ -</u>	<u>\$ 9,234,284</u>	<u>\$(7,867,292)</u>	<u>\$ 12,050,697</u>

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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 Members of the Board of Directors
Lycée Francais De La Nouvelle-Orléans
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Lycée Francais De La Nouvelle-Orléans (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lycée Francais De La Nouvelle-Orléans's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans's internal control. Accordingly, we do not express an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control, described in the accompanying schedule of findings, and questioned costs as items 2025-002 and 2025-003 that we consider to be significant deficiencies. We also identified a certain deficiency in internal control, described in the

accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lycée Francais De La Nouvelle-Orléans's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not the objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2025-004.

Lycée Francais De La Nouvelle-Orléans' Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Lycée Francais De La Nouvelle-Orléans's response to the findings and questioned costs. Lycée Francais De La Nouvelle-Orléans's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Alexandria, Louisiana
May 13, 2026

KOLDER, SLAVEN & COMPANY, LLC

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

To the Members of the Board of Directors
Lycée Francais De La Nouvelle-Orléans
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lycée Francais De La Nouvelle-Orléans’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Lycée Francais De La Nouvelle-Orléans’s major federal program for the year ended June 30, 2025. Lycée Francais De La Nouvelle-Orléans’s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lycée Francais De La Nouvelle-Orléans complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and 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 Lycée Francais De La Nouvelle-Orléans 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 Lycée Francais De La Nouvelle-Orléans’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 Lycée Francais De La Nouvelle-Orléans'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 Lycée Francais De La Nouvelle-Orléans's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Lycée Francais De La Nouvelle-Orléans's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lycée Francais De La Nouvelle-Orléans'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 Lycée Francais De La Nouvelle-Orléans'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 Lycée Francais De La Nouvelle-Orléans'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be

prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 13, 2026

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS

New Orleans, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<u>United States Department of Agriculture-</u>				
Passed through Louisiana Department of Education:				
<u>Child Nutrition Cluster</u>				
National School Lunch Program	10.555	N/A	\$ 200,608	\$ -
Total for Child Nutrition Cluster			<u>200,608</u>	<u>-</u>
Total United States Department of Agriculture			<u>200,608</u>	<u>-</u>
<u>United States Department of Education-</u>				
Passed through Louisiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	28-25-T1-L1	\$ 404,588	
Comprehensive Literacy State Development CLSD B-5	84.010A	28-20-CCUB-L1	<u>80,265</u>	
Total for Title I - Assistance listing number 84.010			484,853	-
Carl Perkins Type 2 Consortium through New Orleans Military & Maritime Academy	84.048	N/A	3,230	-
Title III - English Language Acquisition	84.365E	28-25-60-L1	11,686	-
<u>Special Education Cluster</u>				
Special Education, IDEA Part B 611	84.027A	28-25-B1-L1	\$ 228,272	
Special Education, IDEA Part P 619	84.027	28-25-P1-L1	5,187	
Special Education, HCS RND 1	84.027	28-25-RK-L1	32,829	
Special Education, HCS RND 2	84.027	28-25-RK-L1	<u>21,690</u>	
Total for Special Education Grants - Assistance listing number 84.027			<u>287,978</u>	-
Total United States Department of Education			<u>787,747</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 988,355</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule

LYCEE FRANCAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

(1) General

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Lycée Francais De La Nouvelle-Orléans under programs of the federal government 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 Lycée Francais De La Nouvelle-Orléans, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lycée Francais De La Nouvelle-Orléans.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to Lycée Francais De La Nouvelle-Orléans’s basic financial statements for the year ended June 30, 2025. 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.

(3) Indirect Cost Rate

Lycée Francais De La Nouvelle-Orléans has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Part I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<u> x </u> yes	<u> </u> no
Significant deficiencies identified?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?		
	<u> x </u> yes	<u> </u> no

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified	
Internal control over major programs		
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiencies identified?	<u> </u> yes	<u> x </u> none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?		
	<u> </u> yes	<u> x </u> no

Major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Program
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee.	<u> </u> Yes <u> x </u> No

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

See internal control findings 2025-001, 2025-002, and 2025-003 on the schedule of current and prior year audit findings and management's corrective plan.

B. Compliance Findings –

See compliance finding 2025-004 on the schedule of current and prior year audit findings and management's corrective plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

Part I Current Year Findings and Management Corrective Action Plan:

A. Internal Control Over Financial Reporting

2025-001 Failure to Record Prior Year Preferred Return Liabilities

Fiscal year finding initially occurred: 2024

CONDITION: During the audit, it was noted that Lycée Francais De La Nouvelle-Orléans (LFNO) did not record liabilities related to preferred returns associated with a historic preservation tax credit financing agreement in the prior period.

CRITERIA: In accordance with U.S. GAAP and guidance established by the Louisiana Legislative Auditor, management is responsible for establishing and maintaining internal controls to ensure that financial statements are free from material misstatement and that all liabilities, including those arising from complex financing arrangements, are properly identified and recorded in the appropriate period.

CAUSE: The deficiency was due to inadequate internal controls over financing reporting including 1) lack of a formal process to review and analyze complex financing agreements, 2) failure to identify embedded obligations within contractual arrangements, and 3) insufficient technical expertise related to tax credit financing structures.

EFFECT: Financial statement liabilities were materially understated, and net position was materially overstated in the prior period. A prior period adjustment was needed in the current year to ensure the financial statements were not materially misstated.

RECOMMENDATION: Management should strengthen internal controls over financial reporting by 1) implementing a formal review process for complex financing agreements, 2) setting up procedures to identify and record all liabilities timely, and 3) periodically reassessing existing agreements for completeness of recorded obligations.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management acknowledges this finding and concurs with the recommendations. Lycée Francais De La Nouvelle-Orléans, through its consolidated affiliate 1601 Leonidas, LLC, is party to a federal historic rehabilitation tax credit financing arrangement under which the Operating Agreement obligates 1601 Leonidas, LLC to pay an Annual Return to the Investor Member equal to two percent of the Investor Member's paid-in capital contribution, payable in equal quarterly

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

installments. Management did not have a formal internal process for tracking the accrual and recognition of these quarterly Annual Return obligations as they came due, with the result that accrued and unpaid Annual Returns were not recorded as liabilities as of the prior fiscal year end. The error was identified during the FY 25 audit and corrected through a prior period adjustment as described in Note 15 of the financial statements.

Management has taken the following corrective action steps and commits to the following.

- Management has reviewed the Operating Agreement of 1601 Leonidas, LLC in its entirety, including the Annual Return provisions, the Cash Flow payment priorities under Exhibit A-5, and all related schedules, and has confirmed with its financial consultants that all accrued Annual Return obligations through June 30, 2025 are now properly recorded.
- Management will maintain a tracking schedule for all recurring Annual Return obligations established under the Operating Agreement, identify each quarterly installment, the calculated amount due based on paid-in capital contributions, the payment date due, the date actually paid (if applicable), and the resulting accrued balance. The schedule will be reviewed and reconciled monthly as part of the regular financial close process.
- Management will conduct a documented annual review of the Operating Agreement and all related transaction documents, to be performed no later than sixty days after fiscal year end, to identify any additional embedded obligations, contingent liabilities, or required distributions that may have arisen during the year.
- Management will designate the school's Superintendent and COO, working in coordination with the school's financial consultants, as jointly responsible for ensuring that all obligations under the Operating Agreement are identified, communicated to the financial consultants in advance of each quarterly close, and properly recorded.
- Management will implement these procedures effectively for the remainder of the FY 26 audit cycle into FY 27.

2025-002 Inadequate Controls Over Payroll Withholdings – 401(k) Plan

Fiscal year finding initially occurred: 2025

CONDITION: Lycée Francais De La Nouvelle-Orleans (LFNO) recorded a liability for payroll withholdings related to employee 401(k) contributions; however, adequate supporting documentation was not maintained. Specifically, management was unable to provide a reconciliation of the general ledger

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

balance to payroll records, third-party administrator reports, or documentation supporting remittance to the 401(k) plan promptly.

CRITERIA: Management is responsible for establishing and maintaining effective internal controls over financial reporting to ensure that accounting records are complete, accurate, and supported by proper documentation. Additionally, in accordance with ERISA, employee retirement contributions withheld from payroll must be remitted to the plan as soon as administratively possible.

CAUSE: The condition resulted from a lack of 1) performing formal reconciliation procedures for payroll withholding accounts, 2) inadequate review and oversight of payroll-related balances, and 3) proper documentation retention practices.

EFFECT: Failure to maintain adequate controls over payroll withholdings could result in 1) increased risk that the payroll withholding liability is materially misstated, 2) potential noncompliance with ERISA requirements for prompt remittance, and 3) increased risk of errors, irregularities, or misappropriation of employee funds.

RECOMMENDATION: LFNO should strengthen internal controls over payroll withholdings by 1) performing monthly reconciliations between the general ledger balances, payroll registers, and third-party administrator or plan custodian reports, 2) ensuring all employee contributions are remitted timely in accordance with ERISA, 3) establishing a documented review process with evidence of supervisory approval, 4) maintaining complete and organized supporting documentation, and 5) performing a one-time reconciliation or reconstruction of the recorded liability balance at June 30, 2025.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management acknowledges the findings and recognizes the importance of maintaining rigorous internal controls over employee 401(k) withholdings to ensure both financial reporting accuracy and compliance with ERISA standards.

To address the deficiencies identified above, LFNO has implemented a multi-layered, automated oversight and reconciliation process designed to ensure timely remittance and accurate documentation. This process consists of the following.

- **Automated Notification & Remittance Verification:** Following conclusion of every payroll cycle, an automated system triggers a notification to the Human Resources Department (HR). This workflow requires a manual review of the 401(k) platform (Principal) to verify

LYCÉE FRANCAIS DE LA
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Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

that contributions for the current period have been successfully uploaded and processed.

- **Third-Party Confirmation:** The automated system also initiates communication with our designated point of contact at Principal. This creates a secondary confirmation loop, ensuring that the plan custodian acknowledges receipt of funds in alignment with our payroll records.
- **Formalized Review and Evidence of Approval:** The HR Department must formally “confirm” the completion of this review within the system. This digital confirmation serves as the audit trail for supervisory approval and verification of timely remittance in accordance with ERISA “as soon as administratively possible” standards.
- **Escalation and Executive Oversight:** To ensure a robust control environment, the system includes an automatic escalation protocol. If the reconciliation and confirmation are not completed within a set timeframe, the Chief Operating Officer (COO) is notified immediately to perform an emergency review and ensure compliance.
- **Documentation Retention:** All digital confirmation, correspondence with the third-party administrator, and payroll-to-platform reports will be digitally archived to serve as supporting documentation for future audits and monthly general ledger reconciliations.

In addition to these forward-looking controls, LFNO has performed a one-time reconciliation of the 401(k) liability balance. This project involved tracing payroll registers to Principal remittance reports to ensure the recorded liability is accurate and that all employee funds have been accounted for.

2025-003 Untimely Documentation of Material Revenue Transactions

Fiscal year finding initially occurred: 2025

CONDITION: Lycée Francais de la Nouvelle-Orleans (LFNO) did not provide documentation to support approximately \$1.4 million in revenues related to federal historic rehabilitation tax credits in a prompt manner. Supporting documentation, including executed agreements and calculation schedules, were not readily available upon request and were provided after significant delays during the audit.

CRITERIA: Management is responsible for establishing and maintaining internal control over financial reporting to ensure that 1) transactions are properly recorded in accordance with generally accepted accounting principles, 2) adequate supporting documentation is prepared, retained, and readily accessible, and 3) financial records supporting financial statement preparation and audit are made available in a timely manner.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

CAUSE: The condition appears to be due to 1) lack of formal procedures for prompt documentation and retention of complex or nonroutine transactions, 2) insufficient management review and oversight of significant revenue transactions, and 3) ineffective coordination with external parties involved with the significant, nonroutine transactions.

EFFECT: Failure to maintain and provide supporting documentation for material transactions in a timely manner 1) increases the risk that material misstatements in the financial statements may occur and not be detected timely, 2) may result in audit performance delays and inefficiencies, and 3) could indicate that internal controls over financial reporting are not operating effectively

RECOMMENDATION: LFNO should strengthen internal controls over financial reporting by 1) establishing policies requiring timely preparation and centralized retention of supporting documentation for all material transactions, 2) implementing documented review and approval procedures for significant and nonroutine transactions, and 3) ensuring that all relevant documentation is maintained in an organized and audit-ready manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management acknowledges this finding and concurs with the recommendations. The federal historic rehabilitation tax credit revenue recognized by 1601 Leonidas, LLC, approximately \$1.4 million, is governed by a multi-party financing arrangement in which executed agreements, capital contribution schedules, and supporting calculation documentation are held by the Investor Member and other third parties to the transaction. At the time the auditor requested supporting documentation, this material was not centrally maintained by management in an organized, audit-ready format, requiring management to coordinate with external parties to produce the documentation. As a result, the supporting documentation was not provided to the auditor within the timeframe for efficient audit completion.

Management has taken the following corrective steps and commits to the following.

- Management has obtained and centrally retained complete copies of all documentation related to the historic rehabilitation tax credit financing arrangement.
- Management will maintain a centralized, indexed document repository for all material and non-routine transaction documentation, including transactions involving 1601 Leonidas, LLC, third-party investors, and tax credit structures. The repository will be maintained on an ongoing basis and updated as new documentation is executed or received.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

- Management will implement a pre-audit documentation readiness review, to be conducted no later than sixty days before the start of annual audit fieldwork, confirming that all documentation supporting material revenue transactions and complex financing arrangements is current, complete, and immediately accessible to management and the audit team.
- Management will designate the school's COO, in coordination with the school's financial consultants, as responsible for ongoing communication with external parties to the historic tax credit arrangement, including the Investor Member, lenders, and legal counsel, to ensure that any newly executed agreements, amendments, or schedules are promptly obtained and added to the central repository.

B. Compliance and Other Matters

2025-004 Late Audit Report Filing

Fiscal year finding initially occurred: 2023

CONDITION: Lycée Francais De La Nouvelle- Orléans (LFNO) did not follow LA R.S. 24:513, *Powers and duties of legislative auditor*, by not submitting its FY 25 audited financial statements to the Louisiana Legislative Auditor prior to the extended filing deadline of March 31, 2026.

CRITERIA: LA R.S. 24:513, *Powers and duties of legislative auditor*.

CAUSE: LFNO had difficulties producing supporting accounting records requested during performance of the annual financial statement audit.

EFFECT: LFNO was unable to submit its FY 25 audited financial statements to the Louisiana Legislative Auditor by the extended deadline established under LA R.S. 24:513, *Powers and duties of legislative auditor*.

RECOMMENDATION: LFNO should ensure compliance with LA R.S. 24:513, *Powers and duties of legislative auditor*, by keeping and providing adequate supporting financial information to its audit firm promptly.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management acknowledges this finding. The late submission resulted from the school's difficulty in producing the supporting accounting records necessary for the auditor to complete fieldwork in a timely manner.

Management recognizes that this pattern must be resolved and commits to the following.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

- Management will implement an annual audit preparation calendar beginning no later than thirty days before fiscal year end. The calendar will identify all documentation categories required by the auditor, assign internal responsibility for each category, and establish internal deadlines designed to ensure complete delivery to the audit firm no later than two weeks before scheduled fieldwork.
- Management will ensure that all supporting records, including documentation for complex or non-routine transactions, are maintained in an organized, accessible format on an ongoing basis throughout the fiscal year, and shared with its financial consultants rather than compiled reactively in response to auditor's requests.
- Management acknowledges its obligations under LA R.S. 24:513 and commits to submitting the FY 26 audited financial statements to the Louisiana Legislative Auditor by the applicable statutory deadline.

C. Internal Control Over Compliance – Uniform Guidance

There are no findings to be reported under this section.

Part II. Prior Year Findings

A. Internal Control Over Financial Reporting

There are no findings to be reported under this section.

B. Compliance and Other Matters

2024-001 Late Audit Report Filing

CONDITION: LFNO did not follow LA R.S. 24:513, *Powers and duties of legislative auditor*, by not submitting audited financial statements to the Louisiana Legislative Auditor within six months after the fiscal year end.

RECOMMENDATION: LFNO should ensure compliance with LA R.S. 24:513, *Powers and duties of legislative auditor*, by producing adequate financial information promptly.

CURRENT STATUS: Unresolved. See finding 2025-004.

C. Internal Control Over Compliance – Uniform Guidance

There are no findings to be reported under this section.

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

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors of Lycée Francais
De La Nouvelle-Orléans
Louisiana Department of Education
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Lycée Francais De La Nouvelle-Orléans., (LFNO) for the fiscal year ended June 30, 2025, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with the Louisiana Revised Statute 24:514. The management of LFNO is responsible for its performance and statistical data.

LFNO has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education, and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purpose. The procedures performed may not address all of 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 and reviewed supporting documentation and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue In lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

There were no exceptions noted.

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 if the class was properly classified on the schedule.

There were no exceptions noted.

Levels of Public-School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and expertise, 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.

For two of the twenty-five individuals selected for testing, we were unable to observe that each individual's experience was properly classified on the PEP data or equivalent listing prepared by management

Public Staff Data: Average Salaries (NO SCHEDULE)

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

For two of the twenty-five teachers selected for testing, we were unable to observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

We were engaged by LFNO 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 LFNO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of LFNO, as required by Louisiana Revised Statute 24:514., and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 13, 2026

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2025

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Source

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 (Formerly Schedule 6) - 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.

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New Orleans, Louisiana

Schedule 1

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2025

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:	
Teacher and Student Interaction Activities -	
Classroom Teacher Salaries	\$3,599,321
Other Instructional Staff Activities	564,213
Employee Benefits	735,083
Purchased Professional and Technical Services	298,035
Instructional Materials and Supplies	<u>298,160</u>
Total Teacher and Student Interaction Activities	\$ 5,494,812
Other Instructional Activities:	
	149,676
Pupil Support Services	
Less: Equipment for Pupil Support Services	<u>-</u>
Net Pupil Support Services	516,268
Instructional Staff Services	
Less: Equipment for Instructional Staff Services	<u>670,767</u>
Net Instructional Staff Services	670,767
School Administration	
Less: Equipment for School Administration	<u>1,803,598</u>
Net School Administration	<u>1,803,598</u>
Total General Fund Instructional Expenditures (Total of Column B)	<u>\$ 8,635,121</u>
Total General Fund Equipment Expenditures	
	<u>\$ -</u>

Certain Local Revenue Sources

Local Taxation Revenue:	
Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	<u>-</u>
Total Local Taxation Revenue	<u>\$ -</u>
Local Earnings on Investment in Real Property:	
Earnings from 16th Section Property	<u>\$ -</u>
State revenue in Lieu of Taxes:	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>\$ -</u>
Nonpublic Textbook Revenue	
	<u>\$ -</u>
Nonpublic Transportation Revenue	
	<u>\$ -</u>

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New Orleans, Louisiana

Schedule 2

Class Size Characteristics
As of October 1, 2024

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	65%	275	35%	149	0%	-	0%	1
Combination Activity Classes	54%	38	47%	33	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 K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.



Lycée Francais De La Nouvelle-Orléans respectfully submits the following schedule of current audit findings for the year ended June 30, 2025.

Audit conducted by:

Kolder, Slaven & Company, LLC
1428 Metro Dr.
Alexandria, LA 71301

Audit Period: Fiscal year ended June 30, 2025.

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

FINDING – FINANCIAL AUDIT

Material Weakness

Internal Control Over Financial Reporting

2025-001 Failure to Record Prior Year Preferred Return Liabilities

Fiscal year finding initially occurred: 2024

CONDITION: During the audit, it was noted that Lycée Francais De La Nouvelle- Orléans (LFNO) did not record liabilities related to preferred returns associated with a historic preservation tax credit financing agreement in the prior period.

CRITERIA: In accordance with U.S. GAAP and guidance established by the Louisiana Legislative Auditor, management is responsible for establishing and maintaining internal controls to ensure that financial statements are free from material misstatement and that all liabilities, including those arising from complex financing arrangements, are properly identified and recorded in the appropriate period.

CAUSE: The deficiency was due to inadequate internal controls over financing reporting including 1) lack of a formal process to review and analyze complex financing agreements, 2) failure to identify embedded obligations within contractual arrangements, and 3) insufficient technical expertise related to tax credit financing structures.



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EFFECT: Financial statement liabilities were materially understated, and net position was materially overstated in the prior period. A prior period adjustment was needed in the current year to ensure the financial statements were not materially misstated.

RECOMMENDATION: Management should strengthen internal controls over financial reporting by 1) implementing a formal review process for complex financing agreements, 2) setting up procedures to identify and record all liabilities timely, and 3) periodically reassessing existing agreements for completeness of recorded obligations.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

Management acknowledges this finding and concurs with the recommendation. Lycée Français De La Nouvelle-Orléans, through its consolidated affiliate 1601 Leonidas, LLC, is party to a federal historic rehabilitation tax credit financing arrangement under which the Operating Agreement obligates 1601 Leonidas, LLC to pay an Annual Return to the Investor Member equal to 2% of the Investor Member's paid-in Capital Contribution, payable in equal quarterly installments. Management did not have a formal internal process for tracking the accrual and recognition of these quarterly Annual Return obligations as they came due, with the result that accrued and unpaid Annual Returns were not recorded as liabilities as of the prior fiscal year end. The error was identified during the FY25 audit and corrected through the prior period adjustment reflected in Note 15 to the financial statements.

Management has taken the following corrective steps and commits to the following:

- Management has reviewed the Operating Agreement of 1601 Leonidas, LLC in its entirety, including the Annual Return provisions, the Cash Flow payment priorities under Exhibit A-5, and all related schedules, and has confirmed with its financial consultants that all accrued Annual Return obligations through June 30, 2025 are now properly recorded.
- Management will maintain a tracking schedule for all recurring Annual Return obligations under the Operating Agreement, identifying each quarterly installment, the calculated amount due based on paid-in Capital Contribution, the date due, the date paid (if applicable), and the resulting accrual balance. The schedule will be reviewed and reconciled monthly as part of the regular financial close process.
- Management will conduct a documented annual review of the Operating Agreement and all related transaction documents, to be performed no later than 60 days after fiscal year end, to identify any additional embedded obligations, contingent liabilities, or required distributions that may have arisen during the year.



- Management will designate the school's Superintendent and COO, working in coordination with the school's financial consultants, as jointly responsible for ensuring that all obligations under the Operating Agreement are identified, communicated to financial consultants in advance of each quarterly close, and properly recorded.
- Management will implement these procedures effective for the remainder of the FY26 audit cycle and into FY27.

2025-002 Inadequate Controls Over Payroll Withholdings – 401(k) Plan

Fiscal year finding initially occurred: 2025

CONDITION: Lycée Français De La Nouvelle-Orleans (LFNO) recorded a liability for payroll withholdings related to employee 401(k) contributions; however, adequate supporting documentation was not maintained. Specifically, management was unable to provide a reconciliation of the general ledger balance to payroll records, third-party administrator reports, or documentation supporting remittance to the 401(k) plan promptly.

CRITERIA: Management is responsible for establishing and maintaining effective internal controls over financial reporting to ensure that accounting records are complete, accurate, and supported by proper documentation. Additionally, in accordance with ERISA, employee retirement contributions withheld from payroll must be remitted to the plan as soon as administratively possible.

CAUSE: The condition resulted from a lack of 1) performing formal reconciliation procedures for payroll withholding accounts, 2) inadequate review and oversight of payroll-related balances, and 3) proper documentation retention practices.

EFFECT: Failure to maintain adequate controls over payroll withholdings could result in 1) increased risk that the payroll withholding liability is materially misstated, 2) potential noncompliance with ERISA requirements for prompt remittance, and 3) increased risk of errors, irregularities, or misappropriation of employee funds.

RECOMMENDATION: LFNO should strengthen internal controls over payroll withholdings by 1) performing monthly reconciliations between the general ledger balances, payroll registers, and third-party administrator or plan custodian reports, 2) ensuring all employee contributions are remitted timely in accordance with ERISA, 3) establishing a documented review process with evidence of supervisory approval, 4) maintaining complete and organized supporting documentation, and 5) performing a one-time reconciliation or reconstruction of the recorded liability balance at June 30, 2025.



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MANAGEMENT'S CORRECTIVE ACTION PLAN:

Management acknowledges the finding and recognizes the importance of maintaining rigorous internal controls over employee 401(k) withholdings to ensure both financial reporting accuracy and compliance with ERISA standards.

To address the deficiencies identified, LFNO has implemented a multi-layered, automated oversight and reconciliation process designed to ensure timely remittance and accurate documentation.

- **Automated Notification & Remittance Verification:** Following the conclusion of every payroll cycle, an automated system triggers a notification to the Human Resources Department. This workflow requires a manual review of the 401(k) platform (Principal) to verify that contributions for the current period have been successfully uploaded and processed.
- **Third-Party Confirmation:** The automated system also initiates a communication with our designated point of contact at Principal. This creates a secondary confirmation loop, ensuring that the plan custodian acknowledges receipt of funds in alignment with our payroll records.
- **Formalized Review and Evidence of Approval:** The HR Department must formally "confirm" the completion of this review within the system. This digital confirmation serves as the audit trail for supervisory approval and verification of timely remittance in accordance with ERISA "as soon as administratively possible" standards.
- **Escalation and Executive Oversight:** To ensure a robust control environment, the system includes an automatic escalation protocol. If the reconciliation and confirmation are not completed within a set timeframe, the Chief Operating Officer (COO) is notified immediately to perform an emergency review and ensure compliance.
- **Documentation Retention:** All digital confirmations, correspondence with the third-party administrator, and payroll-to-platform reports will be digitally archived to serve as supporting documentation for future audits and monthly general ledger reconciliations.

In addition to the forward-looking controls mentioned above, LFNO has performed one-time reconciliation of the 401(k) liability balance. This project involved tracing payroll registers to Principal remittance reports to ensure the recorded liability is accurate and that all employee funds have been properly accounted for.

2025-003 Untimely Documentation of Material Revenue Transactions



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Fiscal year finding initially occurred: 2025

CONDITION: Lycée Français de la Nouvelle-Orleans (LFNO) did not provide documentation to support approximately \$1.4 million in revenues related to federal historic rehabilitation tax credits in a prompt manner. Supporting documentation, including executed agreements and calculation schedules, was not readily available upon request and was provided after significant delay during the audit.

CRITERIA: Management is responsible for establishing and maintaining internal control over financial reporting to ensure that 1) transactions are properly recorded in accordance with generally accepted accounting principles, 2) adequate supporting documentation is prepared, retained, and readily accessible, and 3) financial records supporting financial statement preparation and audit are made available in a timely manner.

CAUSE: The condition appears to be due to 1) lack of formal procedures for prompt documentation and retention of complex or nonroutine transactions, 2) insufficient management review and oversight of significant revenue transactions, and 3) ineffective coordination with external parties involved with the significant, nonroutine transactions.

EFFECT: Failure to maintain and provide supporting documentation for material transactions in a timely manner 1) increases the risk that material misstatements in the financial statements may occur and not be detected timely, 2) may result in audit performance delays and inefficiencies, and 3) could indicate that internal controls over financial reporting are not operating effectively

RECOMMENDATION: LFNO should strengthen internal controls over financial reporting by 1) establishing policies requiring timely preparation and centralized retention of supporting documentation for all material transactions, 2) implementing documented review and approval procedures for significant and nonroutine transactions, and 3) ensuring that all relevant documentation is maintained in an organized and audit-ready manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

Management acknowledges this finding and concurs with the recommendation. The federal historic rehabilitation tax credit revenue recognized by 1601 Leonidas, LLC during FY25 — approximately \$1.4 million — is governed by a multi-party financing arrangement in which executed agreements, capital contribution schedules, and supporting calculation documentation are held by the Investor Member and other third parties to the transaction. At the time the auditor requested supporting documentation, this material was not centrally maintained by



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management in an organized, audit-ready format, requiring management to coordinate with external parties to produce the documentation during the audit. As a result, the supporting documentation was not provided to the auditor within the timeframe required for efficient audit completion.

Management has taken the following corrective steps and commits to the following:

- Management has obtained and centrally retained complete copies of all documentation related to the historic rehabilitation tax credit financing arrangement.
- Management will maintain a centralized, indexed document repository for all material and non-routine transaction documentation, including transactions involving 1601 Leonidas, LLC, third-party investors, and tax credit structures. The repository will be maintained on an ongoing basis and updated as new documentation is executed or received.
- Management will implement a pre-audit documentation readiness review, to be conducted no later than 60 days before the start of annual audit fieldwork, confirming that all documentation supporting material revenue transactions and complex financing arrangements is current, complete, and immediately accessible to management and the audit team.
- Management will designate the school's COO, in coordination with the school's financial consultants, as responsible for ongoing communication with external parties to the historic tax credit arrangement — including the Investor Member, lenders, and counsel — to ensure that any newly executed agreements, amendments, or schedules are promptly obtained and added to the central repository.

Compliance and Other Matters

2025-004 Late Audit Report Filing

Fiscal year finding initially occurred: 2023

CONDITION: Lycée Français De La Nouvelle- Orléans (LFNO) did not follow LA R.S. 24:513, Powers and duties of legislative auditor, by not submitting its FY 25 audited financial statements to the Louisiana Legislative Auditor prior to the extended filing deadline of March 31, 2026.

CRITERIA: LA R.S. 24:513, Powers and duties of legislative auditor.

CAUSE: LFNO had difficulties producing supporting accounting records requested during performance of the annual financial statement audit.



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EFFECT: LFNO was unable to submit its FY 25 audited financial statements to the Louisiana Legislative Auditor by the extended deadline established under LA R.S. 24:513, Powers and duties of legislative auditor.

RECOMMENDATION: LFNO should ensure compliance with LA R.S. 24:513, Powers and duties of legislative auditor, by keeping and providing adequate supporting financial information to its audit firm promptly.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

Management acknowledges this finding. The late submission resulted from the school's difficulty in producing the supporting accounting records necessary for the auditor to complete fieldwork in a timely manner.

Management recognizes that this pattern must be resolved and commits to the following:

- Management will implement an annual audit preparation calendar beginning no later than 30 days before fiscal year end. The calendar will identify all documentation categories required by the auditor, assign internal responsibility for each category, and establish internal deadlines designed to ensure complete delivery to the audit firm no later than two weeks before scheduled fieldwork.
- Management will ensure that all supporting records — including documentation for complex or non-routine transactions — are maintained in an organized, accessible format on an ongoing basis throughout the fiscal year shared with its financial consultants, rather than compiled reactively in response to auditor requests.
- Management acknowledges its obligation under LA R.S. 24:513 and commits to submitting the FY26 audited financial statements to the Louisiana Legislative Auditor by the applicable statutory deadline.

If there are questions regarding the plan, please contact Mr. Jordan Drew, COO, at 504-620-5500.

Sincerely,

Chase McLaurin

Dr. Chase McLaurin
Superintendent



LYCÉE FRANÇAIS INTERNATIONAL *de la Louisiane*

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Lycée Francais De La Nouvelle-Orléans respectfully submits the following schedule of prior year audit findings for the year ended June 30, 2025.

Audit conducted by:

Kolder, Slaven & Company, LLC
1428 Metro Dr.
Alexandria, LA 71301

Audit Period: Fiscal year ended June 30, 2025

The prior year audit finding from June 30, 2025 schedule of findings and questioned costs is discussed below. Each finding is numbered consistently with the number assigned to the schedule.

FINDING – FINANCIAL AUDIT

Compliance and Other Matters

2024-001 Late Audit Report Filing

RECOMMENDATION: LFNO should ensure compliance with LA R.S. 24:513, *Power and duties of legislative auditor*, by producing adequate financial information in a timely manner.

CORRECTIVE ACTION TAKEN: Unresolved. See 2024-001. LFNO will strive to work closely with its financial consultants and audit firm to provide timely and accurate information so that the audit reports required by LA R.S. 24:513, *Powers and duties of legislative auditor*, are submitted in a timely manner.

If there are questions regarding the plan, please call Mr. Jordan Drew, Interim COO, at 504-620-5500.

Sincerely,

Chase McLaurin

Dr. Chase McLaurin
Superintendent

**Lycée Francais De La
Nouvelle-Orléans**
New Orleans, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2024 through June 30, 2025

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Dr. Chase McLaurin, Superintendent,
and Members of Lycée Francais De La Nouvelle-Orléans,
New Orleans, Louisiana, 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 (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. Lycée Francais De La Nouvelle-Orléans's (LFNO) management is responsible for those C/C areas identified in the SAUPs.

The Organization 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 LLA's SAUPs for the fiscal period July 1, 2023 through July 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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:

1) *Written Policies and Procedures*

- A. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii) **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.

- iii) ***Disbursements***, including processing, reviewing, and approving.
- iv) ***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).
- v) ***Payroll/Personnel***, including (1) payroll processing, (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.
- vi) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii) ***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).
- ix) ***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 document is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) ***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.

We performed the procedures and discussed the results with management.

- xii) ***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.

2) Board or Finance Committee

- A. 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:
- i) Observed that 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.
 - ii) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii) For governmental entities, we obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, we observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
 - iv) Observe 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.

3) Bank Reconciliations

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

4) Collections (excluding electronic funds transfers)

- A. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
- i) Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii) 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.
 - iii) 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.
 - iv) 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.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
- i) Observed that receipts are sequentially pre-numbered.
 - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii) Traced the deposit slip total to the actual deposit per the bank statement.

- iv) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v) Traced the actual deposit per the bank statement to the general ledger.

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

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. 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:
 - i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii) At least two employees are involved in processing and approving payments to vendors.
 - iii) 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.
 - iv) 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.
 - v) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - i) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, 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 only by those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month/or account for testing that does include electronic disbursements.

6) *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the people who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- i) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained 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:

- i) 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).
- ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii.)
- iv) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii) If the contract was amended (e.g. change order), observed that 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, was approval documented).
 - iv) 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 observe the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. 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.

- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
- i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours, and pay rates used in management's termination payment calculations and the entity's policy on termination payments. 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 agree the termination payment to entity policy.
- D. 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.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtained ethics documentation from management, and:
- i) Observed documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - ii) Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- E. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.
- F. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by debt covenants).

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observed the entity 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.

13) Information Technology Disaster Recovery/ Business Continuity

- A. Performed the following procedures, **verbally discussed the results with management, and report "We performed the procedures and discussed the results with management."**
 - i) Obtained and inspected the entity'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), observed evidence that backups are encrypted before being transported.
 - ii) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 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.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
 - i) Number and percentage of public servants in the agency who have completed the training requirements.
 - ii) Number of sexual harassment complaints received by the agency.
 - iii) Number of complaints which resulted in a finding that sexual harassment occurred.
 - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective actions.
 - v) The amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures:

Procedures were performed with no exceptions noted.

Board or Finance Committee:

For five of five board meeting minutes selected for review, no minutes referenced updates of the progress of resolving audit findings, in accordance with management's corrective action plan at each meeting until the findings are considered fully resolved.

Bank Reconciliations:

Procedures were performed with no exceptions noted.

Collections (excluding electronic funds transfers):

The **Collections** category is not required to be performed because LFNO has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

Non-Payroll Disbursements:

Procedures were performed with no exceptions noted.

Credit Cards:

For the credit card statement selected for testing it was observed that finance charges were assessed.

Travel and Travel Related Expense Reimbursement:

Procedures were performed with no exceptions noted.

Contracts:

Procedures were performed with no exceptions noted.

Payroll and Personnel:

Procedures were performed with no exceptions noted.

Fraud Notice:

Procedures were performed with no exceptions noted.

Information Technology Disaster Recover/Business Continuity:

We performed the procedures and discussed the results with management.

Management's Response:

The management of the LFNO concurs with the exception and is working to address the deficiency identified.

We were engaged by LFNO 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 LFNO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 13, 2026