

GLENCOE EDUCATION FOUNDATION, INC.

Franklin, Louisiana

Financial Report

Years Ended June 30, 2021 and 2020



**DARNALL SIKES
& FREDERICK**

A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Glencoe Education Foundation, Inc.
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glencoe Education Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on Glencoe Education Foundation, Inc.'s financial statements. The schedule of the governing board, the schedule of insurance in force, and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards on page 30 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The schedule of the governing board and the schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of Glencoe Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Glencoe Education Foundation, Inc.'s internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
December 8, 2021

FINANCIAL STATEMENTS

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,242,418	\$ 1,644,946
Certificates of deposit	17,711	17,634
Grants receivable	221,590	116,465
Other receivables	1,067	5,940
Prepaid items	58,756	33,255
Inventory, at cost	-	7,662
Total current assets	2,541,542	1,825,902
PROPERTY AND EQUIPMENT, NET	3,353,233	3,443,018
OTHER ASSETS		
Assets restricted to payment of long-term debt:		
Cash and certificates of deposit	99,924	99,924
Total other assets	99,924	99,924
TOTAL ASSETS	\$ 5,994,699	\$ 5,368,844
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 60,412	\$ 9,169
Accrued salaries payable	303,171	299,379
Other accrued liabilities	214,488	19,918
Accrued compensated absences payable	63,719	60,174
Current portion of long-term debt	91,451	89,257
Total current liabilities	733,241	477,897
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	1,028,134	1,118,954
Total liabilities	1,761,375	1,596,851
NET ASSETS		
Without donor restrictions		
Available for operations	1,964,727	1,530,086
Invested in property and equipment, net of related debt	2,233,648	2,234,807
	4,198,375	3,764,893
With donor restrictions	34,949	7,100
Total net assets	4,233,324	3,771,993
TOTAL LIABILITIES AND NET ASSETS	\$ 5,994,699	\$ 5,368,844

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND SUPPORT		
Minimum Foundation Program	\$ 3,977,888	\$ 3,512,009
Food services	6,727	7,849
Tuition	-	23,273
Contributions	180	4,272
Miscellaneous	56,249	30,938
Gain on disposal of assets	-	1,000
Interest income	1,763	7,710
Total revenues and support without donor restrictions	4,042,807	3,587,051
Net assets released from donor restrictions	908,811	676,413
TOTAL REVENUES, SUPPORT AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	4,951,618	4,263,464
EXPENSES		
Instruction:		
Regular programs	2,328,530	2,230,985
Special education	162,626	146,841
Special programs	193,573	184,746
Career and technical education	33,899	-
Support services:		
Pupil support	139,213	90,039
Instructional staff	39,157	52,200
General administration	39,482	41,289
School administration	330,245	343,236
Business services	178,223	183,037
Plant services	309,003	292,568
Student transportation services	162,422	164,671
Non-instructional:		
Food services	350,147	316,641
Debt service:		
Interest and bank charges	48,798	50,010
Depreciation	209,919	210,370
TOTAL EXPENSES	4,525,237	4,306,633
Increase (decrease) in net assets without donor restrictions	426,381	(43,169)

The accompanying notes are an integral part of this statement.

	<u>2021</u>	<u>2020</u>
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUES AND SUPPORT		
Federal grants:		
Carl D. Perkins Secondary	10,746	-
Elementary and Secondary School Emergency Relief (ESSERF)	151,040	25,610
Government Emergency Education Relief Fund (GEERF)	10,019	-
FEMA Disaster Relief	909	21,554
IDEA - Part B	65,352	62,865
National School Lunch Program	317,723	216,894
Rural Education Achievement Program	38,686	22,255
Title I Grants to Local Educational Agencies	153,953	155,437
Title II Supporting Effective Instruction State Grants	19,190	28,426
Title IV Safe and Drug Free Schools	10,202	7,840
Other	1,727	16,493
State grants:		
Pre-K	139,232	126,139
Other	<u>24,981</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT WITH DONOR RESTRICTIONS	943,760	683,513
Net assets released from donor restrictions	<u>(908,811)</u>	<u>(676,413)</u>
Change in net assets with donor restrictions	<u>34,949</u>	<u>7,100</u>
CHANGE IN NET ASSETS	461,330	(36,069)
NET ASSETS AT BEGINNING OF YEAR	<u>3,771,994</u>	<u>3,808,062</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,233,324</u>	<u>\$ 3,771,993</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Functional Expenses
Years Ended June 30, 2021 and 2020

	Instruction				Support Services			Support Services			Non-instructional			Total
	Regular Programs	Special Education	Special Programs	Career and Technical Education	Pupil Support	Instructional Staff	General Administration	School Administration	Business Services	Plant Services	Student Transportation Services	Food Services	Debt Service	
2021														
Salary	\$ 1,515,251	\$ 107,502	\$ 154,327	\$ 24,069	\$ 16,295	\$ 32,548	\$ -	\$ 199,875	\$ 122,432	\$ 62,738	\$ 86,285	\$ 123,222	\$ -	\$ 2,444,544
Employee benefits	597,427	53,749	39,246	9,830	947	6,600	-	78,469	44,286	24,544	-	55,510	-	910,608
Professional services	-	-	-	-	119,741	-	23,353	7,552	8,461	3,074	-	-	-	162,181
Insurance	-	401	-	-	1,751	-	16,015	197	1,356	40,569	29,265	3,885	-	93,439
Repairs and maintenance	-	-	-	-	-	-	-	-	-	65,246	28,414	1,835	-	95,495
Energy	-	-	-	-	-	-	-	-	-	47,954	17,483	-	-	65,437
Telephone/postage	-	-	-	-	-	-	-	12,197	-	-	-	-	-	12,197
Disposal services	-	-	-	-	-	-	-	-	-	11,363	-	7,034	-	18,397
Rental of land/equipment	-	-	-	-	-	-	-	7,663	-	24,000	-	3,999	-	35,662
Travel	-	-	-	-	-	20	-	397	551	-	155	379	-	1,502
Materials and supplies	160,556	974	-	-	314	(11)	-	12,091	373	26,884	338	19,624	-	221,143
Food	-	-	-	-	-	-	-	-	-	-	-	132,513	-	132,513
Miscellaneous	55,296	-	-	-	165	-	114	11,804	764	2,631	482	2,146	-	73,402
Interest	-	-	-	-	-	-	-	-	-	-	-	-	48,798	48,798
	<u>\$ 2,328,530</u>	<u>\$ 162,626</u>	<u>\$ 193,573</u>	<u>\$ 33,899</u>	<u>\$ 139,213</u>	<u>\$ 39,157</u>	<u>\$ 39,482</u>	<u>\$ 330,245</u>	<u>\$ 178,223</u>	<u>\$ 309,003</u>	<u>\$ 162,422</u>	<u>\$ 350,147</u>	<u>\$ 48,798</u>	<u>\$ 4,315,318</u>
2020														
Salary	\$ 1,432,483	\$ 103,079	\$ 147,305	\$ -	\$ 6,837	\$ 40,634	\$ -	\$ 222,918	\$ 131,067	\$ 57,835	\$ 89,901	\$ 127,151	\$ -	\$ 2,359,210
Employee benefits	592,908	42,444	37,441	-	418	10,796	-	57,803	39,710	26,109	-	58,476	-	866,105
Professional services	324	75	-	-	80,878	-	27,034	13,064	3,326	2,680	-	889	-	128,270
Insurance	-	517	-	-	1,751	-	14,255	-	1,295	37,425	25,921	3,698	-	84,862
Repairs and maintenance	-	-	-	-	-	-	-	-	-	61,513	30,979	9,974	-	102,466
Energy	-	-	-	-	-	-	-	-	-	44,799	16,337	-	-	61,136
Telephone/postage	-	-	-	-	-	-	-	10,372	1,284	-	-	-	-	11,656
Disposal services	-	-	-	-	-	-	-	-	-	9,114	-	7,015	-	16,129
Rental of land/equipment	-	-	-	-	-	-	-	6,581	-	30,500	-	3,129	-	40,210
Travel	1,321	61	-	-	-	-	-	1,857	696	-	746	971	-	5,652
Materials and supplies	174,070	435	-	-	-	174	-	13,538	3,942	19,665	534	10,833	-	223,191
Food	-	-	-	-	-	-	-	-	-	-	-	92,970	-	92,970
Miscellaneous	29,879	230	-	-	155	596	-	17,103	1,717	2,928	253	1,535	-	54,396
Interest	-	-	-	-	-	-	-	-	-	-	-	-	50,010	50,010
	<u>\$ 2,230,985</u>	<u>\$ 146,841</u>	<u>\$ 184,746</u>	<u>\$ -</u>	<u>\$ 90,039</u>	<u>\$ 52,200</u>	<u>\$ 41,289</u>	<u>\$ 343,236</u>	<u>\$ 183,037</u>	<u>\$ 292,568</u>	<u>\$ 164,671</u>	<u>\$ 316,641</u>	<u>\$ 50,010</u>	<u>\$ 4,096,263</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 461,330	\$ (36,069)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	209,919	210,370
Gain on disposal of assets	-	(1,000)
(Increase) decrease in -		
Certificates of deposit	(77)	223,755
Grants receivable	(105,125)	38,864
Other receivables	4,873	3,443
Inventory	7,662	(7,662)
Prepaid expenses	(25,501)	(3,392)
Increase (decrease) in -		
Accounts payable	51,243	(6,618)
Accrued salaries payable	3,792	16,698
Other accrued liabilities	194,570	(168,025)
Accrued compensated absences	3,545	12,025
Net cash provided by operating activities	806,231	282,389
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(84,748)	(259,390)
Additions to construction in progress	(35,385)	(53,193)
Proceeds from the sale of property and equipment	-	1,000
Net cash used by investing activities	(120,133)	(311,583)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(88,626)	(87,414)
Net cash used by financing activities	(88,626)	(87,414)
Net increase (decrease) in cash	597,472	(116,608)
Cash at beginning of year	1,744,870	1,861,478
Cash at end of year	\$ 2,342,342	\$ 1,744,870
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 48,798	\$ 50,010
Reconciliation of cash per the statements of cash flows to the statements of financial position:		
Cash at beginning of year:		
Cash	\$ 1,644,946	\$ 1,859,702
Restricted cash	99,924	1,776
Total cash at beginning of year	1,744,870	1,861,478
Cash at end of year:		
Cash	\$ 2,242,418	\$ 1,644,946
Restricted cash	99,924	99,924
Total cash at end of year	2,342,342	1,744,870
Net increase (decrease) in cash	\$ 597,472	\$ (116,608)

The accompanying notes are an integral part of this statement.

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GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Glencoe Education Foundation, Inc. (the Foundation) was founded in 1999 as a nonprofit organization incorporated under the laws of the State of Louisiana. The Foundation is dedicated to providing for and maintaining an optimum learning environment in which all enrolled children are afforded the opportunity to achieve, attain goals and excel as students and as individual citizens of the world. The focus of instruction is child-centered with curricula designed to meet the educational, social, physical, and emotional needs of each learner as a whole person. The Foundation operates Glencoe Charter School, which is an approved Type 2 charter school under Louisiana Revised Statute 17:3991. The school's operations are located in Franklin, Louisiana. Open student enrollment began in August 1999. During its first year of operations (fiscal year ended June 30, 2000), the school had grades kindergarten through fifth. It has since expanded to add a Pre-k program and grades sixth through eighth. The Foundation is governed by a board of directors and managed by a director.

Income Tax Exemption

The Foundation is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the Foundation does not qualify as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting which follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification No. 958-205-20, Not-for-Profit Entities – Presentation of Financial Statements. Under FASB ASC 958-205-20, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. The Foundation had net assets restricted by donors in the amounts of \$34,949 and \$7,100 June 30, 2021 and 2020, respectively. Restricted amounts represent grant funding to be used for future expenditures.

Revenue Recognition

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The standard prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized. It also requires expanded disclosures about the nature, amount, and timing of revenue and cash flows. This standard is effective beginning January 1, 2019. The adoption of this new guidance did not have a material impact on the Foundation's financial statements.

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue With and Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction end or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Functional Allocation of Expenses

The statement of activities presents expenses of the Foundation's operations functionally between instruction, support services and non-instructional. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

The Foundation receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statements of activities because the criteria for recognition under FASB ASC 958-605-25 have not been satisfied.

Receivables

Receivables are stated at the amount management expects to collect. Based on the payment nature of the receivables, management considers all amounts to be collectible; therefore no allowance was considered necessary as of June 30, 2021.

Property and Equipment

All capital assets are capitalized that have a cost or estimated cost of \$5,000 or more. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Transportation equipment	5
Furniture and equipment	5 - 20
Buildings and improvements	15 - 40

Expenses for additions, major renewals, and betterments are capitalized. Expenses for maintenance and repairs are charged to expense as incurred.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All twelve-month employees earn vacation leave each year based on years of experience. After one year, 10 days are earned; after four years, 11 days are earned; after five years, 13 days are earned; after ten years, 15 days are earned; after fifteen years, 17 days are earned; and after twenty years, 19 days are earned. A maximum of 10 days can be carried to the next year. Upon discharge or final retirement, all unused and/or accrued vacation leave is paid to the employee at the employee's current rate of pay.

Nine-month employees earn 10 days of sick leave each year. Ten-month employees earn 11 days of sick leave each year. Eleven-month employees earn 12 days of sick leave each year. Twelve-month employees earn sick leave based on the number of years of full-time employment with the Foundation. After one year, 12 days are earned; after four years, 15 days are earned; and after ten years, 18 days are earned. Sick leave may be accumulated. No sick leave is paid upon resignation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or the employee's estate at the employee's current rate of pay.

Under the Teachers' Retirement System of Louisiana and the Louisiana School Employees' Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

In accordance with the provisions of FASB ASC 710, *Compensation – General*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly-liquid investments to be cash equivalents. The Foundation did not have any cash equivalents at June 30, 2021 and 2020.

Inventory

Inventory consists of commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture. The commodities are recorded as revenues when received; however, all inventories are recorded as expenses when consumed. Values are assigned based on information provided by the United States Department of Agriculture.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$140 and \$159 for the fiscal years ended June 30, 2021 and 2020, respectively.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Foundation defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Foundation's financial statements include cash and cash equivalents, receivables, and other assets. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short maturity and characteristics of those instruments.

Subsequent Events

Subsequent events were evaluated through December 8, 2021, which is the date the financial statements were available to be issued.

NOTE 2 CASH AND CERTIFICATES OF DEPOSIT

The Foundation may invest in United States bonds, notes, or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2021, the Foundation had cash and interest-bearing deposits (book balances) totaling \$2,342,342.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation maintains cash balances at two financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC insured) and the Securities Investor Protection Corporation (SPIC insured) up to \$250,000 at each institution. Additionally, the Foundation had \$1,750,000 of collateral held by the pledging bank's agent not in the Foundation's name. At June 30, 2021, the uninsured balance was \$362,937. The Organization believes it is not exposed to any significant credit risk on its cash balances.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 2 CASH AND CERTIFICATES OF DEPOSIT (CONTINUED)

Assets Restricted to Payment of Long-term Debt

Under the terms of two loans with the USDA, the Foundation is required to maintain cash balances in separate bank accounts, reserved for the repayment of long-term debt equal to the total principal and interest to be paid in one fiscal year. At June 30, 2021, the Foundation had bank balances in those reserve accounts totaling \$138,143, of which \$99,924 was restricted to payment of long-term debt.

NOTE 3 AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets available for general use within one year as of June 30, 2021 and 2020:

	2021	2020
Financial assets at year end:		
Cash	\$ 2,342,342	\$ 1,744,870
Certificates of deposit	17,711	17,634
Due from other governmental units	221,590	116,465
Other receivables	1,067	5,940
Prepaid items	58,756	33,255
Inventory, at cost	-	7,662
Total financial assets	2,641,466	1,925,826
Less those unavailable for general expenditures within one year, due to:		
Restricted for debt repayment	(99,924)	(99,924)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,541,542	\$ 1,825,902

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Assets not being depreciated:		
Land	\$ 200,365	\$ 200,365
Construction in progress	88,578	53,193
Total assets not being depreciated	288,943	253,558
Assets being depreciated:		
Building and improvements	4,821,488	4,736,740
Furniture and equipment	298,932	298,932
Transportation equipment	391,542	391,542
Total assets being depreciated	5,511,962	5,427,214
Less accumulated depreciation	<u>(2,447,672)</u>	<u>(2,237,754)</u>
Assets being depreciated, net	3,064,290	3,189,460
Total assets, net	<u>\$3,353,233</u>	<u>\$3,443,018</u>

Total depreciation expense for the fiscal years ended June 30, 2021 and 2020 was \$209,919 and \$210,370, respectively.

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consisted of the following at June 30, 2021 and 2020:

	2021	2020
U.S. Department of Education:		
Passed through Louisiana Department of Education	\$ 221,590	\$ 116,465
	<u>\$ 221,590</u>	<u>\$ 116,465</u>

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 6 LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2021 and 2020:

	2021	2020
Note payable in the original amount of \$1,600,000, payable in 466 monthly installments of \$7,264 beginning on May 23, 2010 and one final undetermined installment, bearing interest at 4.500%, collateralized by real estate and equipment	\$ 993,545	\$ 1,034,519
Note payable in the original amount of \$130,000, payable in 143 monthly installments of \$1,063 beginning on April 22, 2017 and one final undetermined installment, bearing interest at 2.750%, collateralized by real estate and equipment	88,540	98,692
Amount payable to a contractor for an agreed-upon settlement in the amount of \$150,000, payable in 4 annual installments of \$37,500 beginning in December 2018.	<u>37,500</u>	<u>75,000</u>
	1,119,585	1,208,211
Less current portion	<u>91,451</u>	<u>89,257</u>
Long-term portion	<u>\$ 1,028,134</u>	<u>\$ 1,118,954</u>

Maturities of long-term debt are as follows:

2022	91,451
2023	56,241
2024	58,630
2025	61,123
2026	63,726
Thereafter	<u>788,414</u>
Total long-term debt	<u>\$ 1,119,585</u>

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 7 PENSION PLANS

Eligible employees of the Foundation participate in one of two cost-sharing, multiple-employer defined benefit pension plans, which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability, and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows.

Teachers' Retirement System of Louisiana – Regular

For the fiscal year ended June 30, 2021, plan members were required to contribute 8.0% of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 25.8% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 26.0% of total annual covered payroll for the fiscal year ended June 30, 2020.

The Foundation's contributions to the system for the fiscal years ended June 30, 2021 and 2020 were \$541,180 and \$514,996, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Louisiana School Employees' Retirement System

For the fiscal year ended June 30, 2021, plan members were required to contribute 7.5%, or 8.0% for members employed subsequent to July 1, 2010, of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 28.7% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 29.4% of total annual covered payroll for the fiscal year ended June 30, 2020.

The Foundation's contributions to the system for the fiscal years ended June 30, 2021 and 2020 were \$20,169 and \$22,004, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804-4516, or by calling (225) 925-6484.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 LEASE COMMITMENT

The Foundation entered into a non-cancelable operating lease for immovable property with Glencoe-Vacherie Plantation, LLC, which is a related party as a result of one of the Foundation's board members being a managing member in the entity. The lease calls for four quarterly payments of \$6,000 per year. The original lease expired on September 30, 2004. The lease contains an option to renew for four additional five year periods, with the first five year period having begun on October 1, 2004. The first option to renew was executed and expired on September 30, 2009. The second option to renew was executed and expired on September 30, 2014. The third option to renew was executed and expired on October 1, 2019. The fourth option to renew was executed on October 1, 2019 and will expire on October 1, 2024.

The lease expense for the fiscal years ended June 30, 2021 and 2020 totaled \$24,000 and \$24,000, respectively.

The following is a schedule of future minimum rental payments required under the above non-cancelable operating lease:

Year ending June 30,	
2022	\$ 24,000
2023	24,000
2024	<u>6,000</u>
	<u>\$ 60,000</u>

The Foundation also leases immovable and movable property under cancelable operating leases.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

The Foundation provides post-employment healthcare and life insurance benefits for substantially all employees if they reach normal retirement age while working for the Foundation. The Foundation's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). Louisiana Revised Statutes 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.louisiana.gov/osrap.

The Foundation's contributions to the plan for the fiscal years ended June 30, 2021 and 2020 were \$355,849 and \$330,355, respectively.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 10 COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (Covid-19) was reported to have surfaced in China. The World Health Organization has characterized Covid-19 as a pandemic. The extent of the impact of Covid-19 on the operational and financial performance of the Foundation will depend on certain developments, including the duration and spread of the outbreak, impact on donors, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which Covid-19 may impact the Foundation's financial condition is uncertain.

As a result of the COVID-19 pandemic, under the Elementary and Secondary School Emergency Relief Fund (ESSER Fund) and the Government Emergency Education Relief Fund (GEER Fund), the Department of Education has awarded grants to State Educational Agencies (SEAs) for the purpose of providing local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools across the nation. LEAs must provide equitable services to students and teachers in non-public schools as required under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Foundation was awarded \$1,602,502 under the CARES Act ESSERF Formula grant. The award period is from May 1, 2020 to September 30, 2021. As of June 30, 2021, the Foundation had earned \$176,650. The Foundation was awarded \$10,019 under the CARES Act GEERF grant. The award period is from May 1, 2020 to September 30, 2021. The full award had been earned as of June 30, 2021.

NOTE 11 SUBSEQUENT EVENT

On December 2, 2021, the Foundation received conditional approval for a \$10,000,000 loan through the United States Department of Agriculture. The Foundation intends to use the funding to construct a new high school.

SUPPLEMENTARY INFORMATION

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of the Governing Board (Unaudited)
Year Ended June 30, 2021

<u>Board Member</u>	<u>Term Expiration</u>
Clarence Vappie <i>President</i>	June 30, 2022
Alison Provost <i>Vice President</i>	June 30, 2024
James Evans <i>Member</i>	June 30, 2021
Cecile Coleman <i>Member</i>	June 30, 2022
Anita Breaux <i>Member</i>	June 30, 2021
Ann Junca <i>Member</i>	June 30, 2024
Stacey Judice <i>Parent Member</i>	June 30, 2022

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2021

Type of Coverage	Limits of Coverage	Expires	Company
Workers' Compensation	\$1,000,000	5/10/2022	LUBA Workers Comp
Student Accident	Accident medical expense benefit - \$6,000,000 \$25,000 maximum per student	10/1/2021	National Union Fire Insurance Company
Commercial Auto & General Liab (package)	Auto liability - \$1,000,000 Medical expense - \$5,000 General liability - \$1,000,000 each occurrence Damage to premises rented - \$100,000 any one premises Personal & advertising injury - \$1,000,000 any one entity General aggregate limit - \$3,000,000 Products/completed operations aggregate limit - \$3,000,000	8/12/2021	Arch Insurance Company
Property	Building (Classrooms) - \$3,200,000 Building \$155,000 Business Personal Property \$125,000 EDP Hardware Building (Main Building) - \$1,203,847 Building \$110,000 Business Personal Property \$125,000 EDP Hardware Building (Classrooms) - \$620,000 Building \$70,000 Business Personal Property \$25,000 EDP Hardware Building (PE Building) - \$150,000 Building \$5,000 Business Personal Property	8/12/2021	General Security Indemnity Company of Arizona HDI Global Specialty SE Indian Harbor Insurance Company Lexington Insurance Company Lloyd's of London Old Republic Union Ins QBE Specialty Insurance Company Safety Specialty Insurance Company Steadfast Insurance Company United Specialty Insurance Company

continued

Type of Coverage	Limits of Coverage	Expires	Company
Property (continued)	Building (Lab Building) - \$44,000 Building \$7,000 Business Personal Property \$5,000 EDP Hardware	8/12/2021	General Security Indemnity Company of Arizona HDI Global Specialty SE Indian Harbor Insurance Company
	Building (Modular Building) - \$50,000 Building \$5,000 Business Personal Property \$5,000 EDP Hardware		Lexington Insurance Company Lloyd's of London Old Republic Union Ins QBE Specialty Insurance Company Safety Specialty Insurance Company Steadfast Insurance Company United Specialty Insurance Company
Flood	\$500,000 - Building	10/15/2021	Wright National Flood Insurance Company
Fidelity Bond	\$186,000 - Employee theft \$50,000 - Money orders and counterfeit currency	until cancelled	Hartford Fire Insurance Company

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Year Ended June 30, 2021

Agency Head Name: Loren Decuir, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 93,480
Benefits - insurance	11,784
Benefits - retirement	17,936
Reimbursements	<u>367</u>
Total	<u>\$ 123,567</u>

**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 *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Glencoe Education Foundation, Inc.
Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Glencoe Education Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Glencoe Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Glencoe Education Foundation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glencoe Education Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2021-001.

Purpose of this Report

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

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

December 8, 2021

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

To the Board of Directors of
Glencoe Education Foundation, Inc.
Franklin, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Glencoe Education Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Foundation's major federal programs for the year ended June 30, 2021. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ABC Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
December 8, 2021

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Name	Grantor Project Number	CFDA Number	Federal Expenditures
United States Department of Education:			
Passed through the Louisiana Department of Education:			
Title I, Part A			
Title I Grants to Local Educational Agencies	28-21-T1-7V	84.010A	\$ 148,989
Direct Student Services	28-21-DSS-7v	84.010A	<u>4,964</u>
Total Title I, Part A			153,953
Title II - Supporting Effective Instruction State Grants	28-21-50-7v	84.367A	19,190
Title IV - Student Support and Academic Enrichment Grants	28-21-71-7v	84.424A	10,202
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	28-21-B1-7v	84.027A	65,352
Special Education - Preschool Grants (IDEA, Preschool)	28-21-P1-7v	84.173	<u>1,637</u>
Total Special Education Cluster (IDEA)			66,989
Career and Technical Education – Basic Grants to States (Perkins IV)	28-21-02-m1	84.048A	10,746
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Funds (ESSERF) I	28-20-ESRF-7v	84.425D	79,275
Governor's Emergency Education Relief Fund (GEERF) I	28-20-GERF-7v	84.425C	10,019
Elementary and Secondary School Emergency Relief Funds (ESSERF) I	28-20-ESRI-7v	84.425D	21,583
Elementary and Secondary School Emergency Relief Funds (ESSERF) II	28-21-ES2F-7v	84.425D	<u>71,765</u>
Total Education Stabilization Fund			182,642
Rural Education Achievement Program (REAP)	N/A	84.358B	12,103
United States Department of Agriculture:			
Pass-through programs:			
Child Nutrition Cluster:			
Louisiana Department of Agriculture:			
National School Lunch Program - Non-cash Assistance (see note)	N/A	10.555	22,823
Louisiana Department of Education:			
National School Lunch Program	N/A	10.555	<u>292,091</u>
Total Child Nutrition Cluster			<u>314,914</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 770,739</u>

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Glencoe Education Foundation, Inc. (the Foundation) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position or changes in net assets of the Foundation.

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 4 INDIRECT COST RATE

The Foundation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 NATIONAL SCHOOL LUNCH PROGRAM – NON-CASH ASSISTANCE

Non-cash assistance is reported in the schedule at the fair market value of the USDA commodities received and disbursed.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2021

This section is not applicable for the fiscal year ended June 30, 2021 as there were no findings for the year ended June 30, 2020.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Glencoe Education Foundation, Inc.'s financial statements as of and for the years ended June 30, 2021 and 2020.

Deficiencies in Internal Control – Financial Reporting

There were no deficiencies in internal control over financial reporting noted during the audit.

Material Noncompliance – Financial Reporting

The results of our tests disclosed one instance of noncompliance which is required to be reported under *Government Auditing Standards* and is listed as item 2021-001 in Part 2.

FEDERAL AWARDS

Auditor's Report – Major Programs

An unmodified opinion has been issued on Glencoe Education Foundation Inc.'s compliance with the requirements of its major programs as of and for the year ended June 30, 2021.

Risk Consideration

The Foundation was not considered a low-risk auditee for the year ended June 30, 2021.

Major Programs – Identification:

Child Nutrition Cluster CFDA # 10.555

Program Type Determination

The dollar threshold to distinguish between Type A and Type B programs was \$750,000 for the fiscal year ended June 30, 2021. The Foundation had no Type A programs for the year.

Deficiencies in Internal Control – Major Programs

Our consideration of internal control over major programs disclosed no instances of internal control deficiencies.

Noncompliance – Major Programs

The result of our tests on compliance for each major program disclosed no instances of noncompliance.

MANAGEMENT LETTER

A management letter was not issued for the fiscal year ended June 30, 2021.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2021-001 Noncompliance with the Louisiana Local Government Budget Act

Criteria: In accordance with the Louisiana Local Government Budget Act (Louisiana Revised Statutes 39:1301 through 39:1315), a political subdivision shall certify completion of the budget adoption and public participation by publishing a notice of adoption in the official journal.

Condition: A notice was not published in the official journal to certify completion of the adopted budget.

Cause: The Foundation failed to complete the budget adoption process due to not publishing notice of the budget adoption in the official journal.

Effect: Possible violation of the Louisiana Local Government Budget Act.

Recommendation: Management should ensure all steps of the Louisiana Local Government Budget Act are completed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the Foundation's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

Part 3: Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended June 30, 2021.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2021

2021-001 Noncompliance with the Louisiana Local Government Budget Act

Management's Response and Planned Corrective Action: Management has corrected these processes and ensured all steps of the Louisiana Local Government Budget Act were completed for the 2021/2022 budget.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Glencoe Education Foundation, Inc.
Franklin, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Glencoe Education Foundation, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Glencoe Education Foundation, Inc. for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education, in compliance with Louisiana Revised Statute 24:514.1. Management of Glencoe Education Foundation, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

The Foundation does not receive local taxation revenue, local earnings on investment in real property, state revenue in lieu of taxes, nonpublic textbook revenue, or nonpublic transportation revenue.

Exceptions Noted: During our testing over general fund instructional and support expenditures, we noted five exceptions related to coding of disbursements to revenue accounts. Disbursements should be coded to an expense account rather than netting against a revenue account.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Exceptions Noted: None.

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

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

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 33 teachers as of year-end; therefore, we tested the entire population.

Exceptions Noted: None.

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained June 30 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).

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 33 teachers as of year-end; therefore, we tested the entire population.

Exceptions Noted: During our testing over average salaries, we noted one exceptions when comparing salary, extra compensation, and full-time equivalents in the Profile of Educational Personnel (PEP) file to the related employee's personnel file for 33 teachers tested. One teacher's extra compensation was overstated on the PEP by \$5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Glencoe Education Foundation, Inc., as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

December 8, 2021

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 1 – General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
Year Ended June 30, 2021

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,403,304	
Other Instructional Staff Activities	123,877	
Instructional Staff Employee Benefits	726,893	
Purchased Professional and Technical Services	-	
Instructional Materials and Supplies	45,608	
Instructional Equipment	<u>-</u>	
Total Teacher and Student Interaction Activities		\$ 2,299,682

Other Instructional Activities

	130,912	7,233
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Pupil Support Activities

Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		130,912

Instructional Staff Services

Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		39,157

School Administration

Less: Equipment for School Administration	<u>-</u>	
Net School Administration		321,724

Total General Fund Instructional Expenditures		<u>\$ 2,798,708</u>
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Total General Fund Equipment Expenditures		<u>\$ -</u>
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Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Taxes	-
Debt Service Ad Valorem Taxes	-
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 Investments in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	<u>-</u>
Total Local Earnings on Investment in Real Property	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Tax	-
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>
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Nonpublic Transportation Revenue	<u>\$ -</u>
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See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 2 – Class Size Characteristics
As of October 1, 2020

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	98.5%	130	0.8%	1	0.8%	1	0.0%	-
Elementary Activity Classes	28.6%	2	14.3%	1	28.6%	2	28.6%	2
Middle/Jr. High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-

See Independent Accountant’s Report on Applying Agreed-upon Procedures