

**LOUISIANA KEY ACADEMY**

Baton Rouge, Louisiana

**FINANCIAL REPORT**

June 30, 2023 and 2022

# LOUISIANA KEY ACADEMY

Baton Rouge, Louisiana

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**Daigrepoint & Brian**  
Certified Public Accountants

## **Independent Auditors' Report**

To the Board of Directors  
Louisiana Key Academy  
Baton Rouge, LA

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Louisiana Key Academy, which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Key Academy as of June 30, 2023, 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.

#### ***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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Key Academy 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.

#### ***Prior Period Financial Statements***

The financial statements of Louisiana Key Academy as of June 30, 2022 were audited by other auditors whose report dated January 3, 2023 expressed an unmodified opinion on those statements.

#### ***Responsibilities of Management for the Financial Statements***

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

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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 Louisiana Key Academy'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 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 the 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 Louisiana Key Academy'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 Louisiana Key Academy'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.

## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Statewide Agreed Upon Procedures and the Performance and Statistical Data are not a required part of the basic financial statements but are supplementary information required by Louisiana State Law (R.S. 24:514). We have applied limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon-Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of Louisiana Key Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Key Academy'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 Louisiana Key Academy's internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 18, 2023

**LOUISIANA KEY ACADEMY**  
Baton Rouge, Louisiana  
**STATEMENTS OF FINANCIAL POSITION**

June 30, 2023 and 2022

(See Independent Auditors' Report)

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,600,054	\$ 1,212,396
Grants receivable	1,537,241	370,666
Prepaid assets	<u>-</u>	<u>34,156</u>
Total current assets	3,137,295	1,617,218
<b>RIGHT-OF-USE ASSETS - OPERATING LEASE</b>	1,025,684	-
<b>PROPERTY AND EQUIPMENT, net</b>	<u>3,429,676</u>	<u>3,503,837</u>
Total assets	<u>\$ 7,592,655</u>	<u>\$ 5,121,055</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 182,186	\$ 267,788
Lines of credit	-	355,589
Capital lease obligations, current portion	-	5,583
Current portion of operating lease liabilities, net of present value discount	<u>745,451</u>	<u>-</u>
Total current liabilities	<u>927,637</u>	<u>628,960</u>
<b>OPERATING LEASE LIABILITIES, less current maturities, net present value discount</b>	<u>388,041</u>	<u>-</u>
Total liabilities	<u>1,315,678</u>	<u>628,960</u>
<b>NET ASSETS</b>		
Without donor restrictions	5,945,172	4,308,602
With donor restrictions	<u>331,805</u>	<u>183,493</u>
Total net assets	<u>6,276,977</u>	<u>5,074,621</u>
Total liabilities and net assets	<u>\$ 7,592,655</u>	<u>\$ 5,703,581</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**LOUISIANA KEY ACADEMY**

Baton Rouge, Louisiana

**STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2023 and 2022

(See Independent Auditors' Report)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>REVENUES AND SUPPORT</b>						
Grants:						
State MFP grant	\$ 8,246,164	\$ -	\$ 8,246,164	\$ 6,286,546	\$ -	\$ 6,286,546
Federal grants	2,128,162	-	2,128,162	846,189	-	846,189
Other state and local grants	13,924	-	13,924	300,000	172,600	472,600
Contributions and events	893,768	217,699	1,111,467	160,504	-	160,504
Beforecare and aftercare	12,221	-	12,221	106,704	-	106,704
Miscellaneous and other	60,683	-	60,683	79,332	-	79,332
Total revenues and support	11,354,922	217,699	11,572,621	7,779,275	172,600	7,951,875
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>						
Satisfaction of purpose restrictions	69,387	(69,387)	-	43,614	(43,614)	-
Total revenues, support, and net assets released from restrictions	11,424,309	148,312	11,572,621	7,822,889	128,986	7,951,875
<b>EXPENSES</b>						
Instructional	5,242,620	-	5,242,620	4,853,182	-	4,853,182
Operations and maintenance	1,701,923	-	1,701,923	1,209,139	-	1,209,139
Food services	289,791	-	289,791	335,869	-	335,869
Fundraising	103,483	-	103,483	23,721	-	23,721
General and administrative	2,449,922	-	2,449,922	819,495	-	819,495
Total expenses	9,787,739	-	9,787,739	7,241,406	-	7,241,406
Change in net assets before nonoperating revenues	1,636,570	148,312	1,784,882	581,483	128,986	710,469
<b>NONOPERATING REVENUES</b>						
Forgiveness of debt - Payroll Protection Program	-	-	-	711,708	-	711,708
Change in net assets	1,636,570	148,312	1,784,882	1,293,191	128,986	1,422,177
<b>NET ASSETS</b>						
Beginning of year	4,308,602	183,493	4,492,095	3,015,411	54,507	3,652,444
End of year	\$ 5,945,172	\$ 331,805	\$ 6,276,977	\$ 4,308,602	\$ 183,493	\$ 5,074,621

The accompanying notes to financial statements  
are an integral part of this statement.

**LOUISIANA KEY ACADEMY**

Baton Rouge, Louisiana

**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2023 and 2022

(See Independent Auditors' Report)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,784,882	\$ 1,422,177
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	497,347	441,407
Forgiveness of Paycheck Protection Program note payable	-	(711,708)
Amortization of right-of-use assets	593,898	-
Change in operating assets and liabilities:		
(Increase) in receivables	(1,166,575)	(208,400)
Increase (decrease) in prepaid assets	34,156	(34,156)
Change in operating lease liabilities	(486,090)	-
(Decrease) increase in accounts payable and accrued expenses	(85,602)	134,760
Net cash provided by operating activities	<u>1,172,016</u>	<u>1,044,080</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(423,186)</u>	<u>(100,782)</u>
Net cash used by investing activities	<u>(423,186)</u>	<u>(100,782)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of lines of credit	(355,589)	(1,176,316)
Payments on capital lease obligation	<u>(5,583)</u>	<u>(8,533)</u>
Net cash used by financing activities	<u>(361,172)</u>	<u>(1,184,849)</u>
Net increase (decrease) in cash	387,658	(241,551)
<b>CASH</b>		
Beginning of year	<u>1,212,396</u>	<u>1,453,947</u>
End of year	<u>\$ 1,600,054</u>	<u>\$ 1,212,396</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 2,696</u>	<u>\$ 60,198</u>
<b>Supplemental disclosure of noncash investing activities:</b>		
Right-of-use assets obtained from operating lease liabilities	<u>\$ 1,619,582</u>	<u>\$ -</u>

The accompanying notes to financial statements  
are an integral part of this statement.

## LOUISIANA KEY ACADEMY

Baton Rouge, Louisiana

### STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

(See Independent Auditors' Report)

	<u>Program</u>					<u>Total</u>
	<u>Instructional</u>	<u>Operations and Maintenance</u>	<u>Food Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	
Salaries and wages	\$ 4,262,324	\$ -	\$ -	\$ -	\$ 824,329	\$ 5,086,653
Payroll taxes	167,457	-	-	-	241,042	408,499
Employee benefits	193,285	-	-	-	417,573	610,858
Rent	-	795,096	-	-	-	795,096
Professional services	97,422	109,814	-	-	575,308	782,544
Depreciation	-	497,347	-	-	-	497,347
Professional development	314,857	-	-	-	-	314,857
Food and beverage	-	-	289,791	-	-	289,791
Materials and supplies	118,260	-	-	11,579	158,296	288,135
Repairs and maintenance	-	172,713	-	-	-	172,713
Utilities	-	126,953	-	-	-	126,953
Insurance	-	-	-	-	103,977	103,977
Advertising	1,720	-	-	91,904	-	93,624
Technology	-	-	-	-	78,344	78,344
Nurse and psychologist	43,962	-	-	-	-	43,962
Travel	17,413	-	-	-	-	17,413
Meals and entertainment	3,006	-	-	-	11,872	14,878
Dues and subscriptions	353	-	-	-	11,166	11,519
Interest	-	-	-	-	2,696	2,696
Other	22,561	-	-	-	25,319	47,880
<b>Total expenses</b>	<b>\$ 5,242,620</b>	<b>\$ 1,701,923</b>	<b>\$ 289,791</b>	<b>\$ 103,483</b>	<b>\$ 2,449,922</b>	<b>\$ 9,787,739</b>

The accompanying notes to financial statements  
are an integral part of this statement.

**LOUISIANA KEY ACADEMY**

Baton Rouge, Louisiana

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2022

(See Independent Auditors' Report)

	<b>Program</b>					<b>Total</b>
	<b>Instructional</b>	<b>Operations and Maintenance</b>	<b>Food Services</b>	<b>Fundraising</b>	<b>General and Administrative</b>	
Salaries and wages	\$ 3,500,979	\$ -	\$ -	\$ -	\$ 385,913	\$ 3,886,892
Payroll taxes	256,049	-	-	-	33,320	289,369
Employee benefits	419,492	-	-	-	76,299	495,791
Depreciation	-	441,407	-	-	-	441,407
Materials and supplies	277,344	27,804	-	11,386	89,507	406,041
Rent	-	373,761	-	-	-	373,761
Food and beverage	-	-	335,869	-	-	335,869
Professional services	177,463	-	-	-	133,904	311,367
Repairs and maintenance	-	250,897	-	-	-	250,897
Utilities	-	110,165	-	-	-	110,165
Professional development	63,814	-	-	-	-	63,814
Interest	-	-	-	-	60,198	60,198
Nurse and psychologist	56,491	-	-	-	-	56,491
Insurance	30,621	-	-	-	24,313	54,934
Technology	36,109	5,105	-	-	6,935	48,149
Advertising	-	-	-	12,335	-	12,335
Dues and subscriptions	-	-	-	-	9,106	9,106
Other	34,820	-	-	-	-	34,820
<b>Total expenses</b>	<b>\$ 4,853,182</b>	<b>\$ 1,209,139</b>	<b>\$ 335,869</b>	<b>\$ 23,721</b>	<b>\$ 819,495</b>	<b>\$ 7,241,406</b>

The accompanying notes to financial statements  
are an integral part of this statement.

# LOUISIANA KEY ACADEMY

Baton Rouge, Louisiana

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization**

Louisiana Key Academy (the School) was incorporated on June 18, 2012, as a non-profit corporation under the laws of the State of Louisiana. The School operates schools in East Baton Rouge Parish and St. Tammany Parish. The School's first campus Louisiana Key Academy Baton Rouge (Capital Region) operates under a contract with the Louisiana Department of Education as a Type 2 charter school with a contract term from July 1, 2021 through June 30, 2024. On August 16, 2022, the School opened a new campus in St. Tammany Parish called Louisiana Key Academy Northshore (Northshore). This campus operates under a contract with the Louisiana Department of Education as a Type 2 charter school with a contract term from July 1, 2022, through June 30, 2025. The School is a public, tuition free, primary charter school for dyslexic students. Capital Region serves students from kindergarten through ninth grade and Northshore serves students from kindergarten through fifth grade.

#### **Financial statement presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. The School reports 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, which are described as follows:

*Net assets without donor restrictions* - net assets that are not subject to donor-imposed stipulations and are available for use at the School's discretion. Net assets without donor restrictions may be designated for specific purposes by the School's governing authority.

*Net assets with donor restrictions* - net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time or include assets to be held in perpetuity with income earnings on the related investments to be used for general or specific purposes. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The statements of activities and functional expenses presents expenses of the School's operations functionally between instructional, operations and maintenance, food services, fundraising, and general and administrative.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures 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. Estimates are used primarily when accounting for depreciation, grants receivables, personal time off, and allocation of functional expenses.

### **Revenue recognition and receivables**

The School receives a large portion of its revenue from the Minimum Foundation Program (MFP) through the Louisiana State Board of Elementary and Secondary Education (BESE). The amount of MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. Other funding sources of the School are related to federal funds that are provided through the Louisiana Department of Education. These federal funds are solicited based on the needs of the School each year. The revenue is recognized when the School requests reimbursement from the Louisiana Department of Education.

Private sector funding consists of donations from private foundations and individuals. Contributions and events are recognized at estimated fair value when the donor makes a pledge to give that is, in substance, an unconditional promise. The School does not recognize a conditional promise to give until the conditions upon which the promise depends are substantially met. A promise to give that calls for specific outcomes to be achieved is treated as a conditional promise to give. Contributions are recorded as support with or without donor restrictions, depending on the nature of donor restrictions.

Before and aftercare revenues relate to the School providing care and tutoring to students of the School. The School recognizes revenue for before and aftercare as services are provided (point-in-time). There are no receivables related to before and aftercare revenues.

The receivables are stated at the amount management expects to collect. Management considers these amounts to be collectible; therefore, no allowance has been recorded. The School had no receivables outstanding for longer than 90 days as of June 30, 2023 and 2022, respectively. Unconditional promises to give are recorded at present value. There were no receivables related to contracts with customers as of June 30, 2023 and 2022, respectively.

### **Fair value financial instruments**

The carrying value of cash, receivables, prepaid assets, accounts payable, accrued expenses, and the lines of credit approximate fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash**

Cash, for purposes of the statement of cash flows, consists of cash on hand, demand deposit and savings accounts. The School typically maintains cash in a local bank that may, at times, exceed FDIC insured limits of \$250,000. The School deposits cash funds in high quality institutions to mitigate the risk due to uninsured exposure. The School's uninsured exposure was \$1,570,820 and \$963,747 at June 30, 2023 and 2022, respectively.

**Property and equipment**

Property and equipment is recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. A capitalization threshold of \$5,000 has been established. Expenses for maintenance, repairs and minor renewals that do not extend the useful life of the asset are expensed as incurred.

**Right-of-use assets**

Right-of-use assets are a result of leases in which the Company has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset (the underlying asset) as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the financial statements, net of amortization. Right-of-use assets are amortized at the lesser of the useful life or the lease term.

**Personal time off**

The School's personal time off (PTO) policy only allows administrative employees and program coordinators the privilege of carrying forward PTO and receiving payout upon separation from the School. The School's policy states that full-time regular, salaried employees with at least one month of service are awarded the benefit of PTO. Administrative employees and program coordinators may carry forward PTO from year to year, although no more than 15 days of accrued PTO will be considered for payout in the event of an employee separation from the School.

PTO is awarded as follows:

<u>Employee Service Lives</u>	<u>PTO Days Per Year</u>	
	<u>Instructional Personnel</u>	<u>Administrative and Program Coordinators</u>
One month but less than one year	5	5
One year or more	10	10
Annual carryover limit	-	Unlimited

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Personal time off (continued)**

A PTO liability of \$18,426 and \$27,044 has been recorded at June 30, 2023 and 2022, respectively, and reported under accrued expenses in the statement of financial position.

### **Functional expenses**

The financial statements report certain expense categories that are attributable to more than one service or support function. Program service expenses, fundraising, and management and general expenses are based on specific identification of the direct costs. Costs not directly attributable to a function, such as technology and other occupancy costs, are allocated to general and administrative expenses. Salaries are allocated based on estimated time spent for each function.

### **Tax-exempt status**

The School is a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The School follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The School's open audit periods are 2019 through 2023.

### **Current accounting standards implemented**

The School implemented FASB Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), effective July 1, 2022. The ASU's core principle is that "a lessee should recognize the assets and liabilities that arise from leases." The ASU considered that "all leases create an asset and a liability," and accordingly requires recording the assets and liabilities related to all leases with a term greater than 12 months. Concurrent with the implementation of ASU 2016-02, the School adopted ASU 2018-11 "Leases (topic 842): Targeted Improvements," which intended to simplify the transition requirement giving the School the option to apply the transition provisions of the new standard at the date of adoption instead of at the earliest comparative period. This adoption of these standards were applied to all lease agreements using the modified retrospective method, and when implemented with ASU 2018-11, allowed the School to recognize the leased assets and liabilities on its balance sheet beginning on July 1, 2022 without restating prior periods. In adopting the standard at July 1, 2022, the School recognized right-of-use operating assets and corresponding lease liabilities totaling \$1,619,581. Implementation of these standards had no material effect on net income; therefore, no adjustment to retained earnings was recorded. Additionally, the adoption of these standards had no effect on cash flows.

## NOTE 2 - PROMISES TO GIVE

Unconditional promises to give are recorded at present value. At June 30, 2023 and 2022, there were none.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property, related service lives, and accumulated depreciation at June 30, 2023 and 2022 were as follows:

	Estimated Service Lives	2023	2022
Leasehold improvements	15	\$ 5,010,523	\$ 4,940,627
Playground equipment	10	83,275	83,275
Equipment	5 - 7 years	877,049	523,759
		5,970,847	5,547,661
Less accumulated depreciation		(2,541,171)	(2,043,824)
Property and equipment, net		\$ 3,429,676	\$ 3,503,837

Depreciation expense was \$497,347 and \$441,407 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 4 - LINES OF CREDIT**

The School has a revolving line of credit with a borrowing limit of \$400,000. Interest is payable monthly at a rate of LIBOR plus 2.25%, which was 7.43% at June 30, 2023. Interest is payable monthly at a rate of LIBOR plus 2.75%, which was 3.95% at June 30, 2022. As of June 30, 2023 there was no outstanding balance on the line of credit. The outstanding balance on the line of credit was \$350,141 at June 30, 2022. This debt is secured by amounts held in the name of a local supporter at the financial institution. The line of credit was closed during 2023.

The School entered into a revolving line of credit with a borrowing limit of \$1,000,000 with an original maturity date of April 2021. The line of credit was renewed in August 2021 with a limit of \$773,744 and maturity date of August 2022. It is collateralized by the accounts held at the financial institution. Interest is payable monthly at a rate of 6.00% at June 30, 2022. There was no outstanding balances as of June 30, 2022. The line of credit was not renewed upon maturity.

The School had a revolving line of credit with a borrowing limit of \$500,000. Interest is payable monthly at a rate of prime interest rate published in the money rate section of the Wall Street Journal Prime Rate plus a 5.00% floor, which was 5.00% at June 30, 2022. There was no outstanding balances as of June 30, 2022. On June 6, 2021, the line of credit was renewed with new a maturity of May 22, 2022. This debt is unsecured and was not renewed.

In June of 2023, the School opened a revolving line of credit with a borrowing limit of \$500,000 with a maturity date of June 2025. Interest is payable monthly at a rate of SOFR plus 2.5%, which was 7.66% at June 30, 2023. It is collateralized by the accounts held at the financial institution. There was no outstanding balances as of June 30, 2023.

**NOTE 5 - NET ASSETS**

**Net assets with donor restrictions**

During 2023 and 2022, changes in donor restricted net assets subject to satisfaction of purpose restrictions were as follows:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Caddo	\$ -	\$ 217,699	\$ 69,387	\$ 148,312
STEAM - Lamar Foundation	150,000	-	-	150,000
Wilson Kitchen Lab	22,600	-	-	22,600
Drama Program	6,943	-	-	6,943
Robotics	3,950	-	-	3,950
Total	<u>\$ 183,493</u>	<u>\$ 217,699</u>	<u>\$ 69,387</u>	<u>\$ 331,805</u>

	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
STEAM - Lamar Foundation	\$ -	\$ 150,000	\$ -	150,000
Wilson Kitchen Lab	-	22,600	-	22,600
Drama Program	6,943	-	-	6,943
Robotics	35,000	-	31,050	3,950
Summer Pilot Program	7,917	-	7,917	-
STEM	4,487	-	4,487	-
Academic Lab Program	160	-	160	-
Total	<u>\$ 54,507</u>	<u>\$ 172,600</u>	<u>\$ 43,614</u>	<u>\$ 183,493</u>

**NOTE 6 - CONCENTRATIONS**

The School receives the majority of its operating revenue from state and federal grants, and contributions from private foundations and individuals. The remaining revenue is received for meal services and reimbursement for after-school care. The percentage of revenue from these sources is as follows:

	<u>Revenue</u>	
	<u>2023</u>	<u>2022</u>
State and local grants	71%	85%
Contributions and events	10%	2%
Federal grants	18%	11%
Miscellaneous and other	1%	2%
Total	<u>100%</u>	<u>100%</u>

**NOTE 6 – CONCENTRATIONS (CONTNUED)**

Accounts receivable is made up of grants receivable. Grants receivable as of June 30, 2023 is comprised of receivables from the Louisiana Department of Education in the amount of \$1,487,241 (97%), and a \$50,000 from a private foundation (3%). Grants receivable as of June 30, 2022 is comprised of receivables from the Louisiana Department of Education in the amount of \$320,666 (86%), and a \$50,000 from a private foundation (14%).

**NOTE 7 – LEASES**

**Right-of-use operating leases**

The School leases a building that is to be used for school space in Baton Rouge, Louisiana. The School has extended its lease agreement in February 2019. The lease expires in July 2024. Lease payments are based on 41,801 square feet of occupancy of the premises. The annual rental rate is \$4.50 per square foot for units No. 1 – 5 (26,809 square feet) and \$7.00 per square foot for units No. 6 – 10 (14,992 square feet). All units have an increase in price per square foot of \$0.50 each August. Additionally, the rental payment each month includes \$4,668 of common area expenses for maintenance, taxes and insurance. The lease has an option to be extended for two immediately successive periods of five years each upon the same terms, covenants and conditions of the current lease agreement. The lease is not considered reasonably certain beyond the fiscal year ended 2024. While the lease agreements do not state an explicit rate, the carrying liability is recorded at present value of the future lease payments using the U.S. Treasury rate of 2.84% as of July 1, 2022, when the initial valuation of the liabilities were recorded. Rent expense under the lease for 2023 was \$323,758.

The School leases a building that is to be used for school space in Mandeville, Louisiana. The lease agreement was entered into on May 26, 2022, with a commencement date of August 1, 2022, and ending on July 31, 2025. Lease payments are paid on the first day of each month in the amount of \$28,000. While the lease agreements do not state an explicit rate, the carrying liability is recorded at present value of the future lease payments using the U.S. Treasury rate of 2.82% as of July 1, 2022, when the initial valuation of the liabilities were recorded.

In August of 2022, the lessor agreed to defer the lease payments of the School for the first six months with their first payment being in February 2023. The \$168,000 of deferred payments was agreed to be paid over ten months beginning in February of 2023. Rent expense under the lease for 2023 was \$308,000.

(Continued)

**NOTE 7 – LEASES (CONTINUED)**

**Future Maturities and Weighted Averages of Lease Liabilities**

The School is obligated for the following rental payments on its operating leases over the next five years:

Fiscal year	Amount
2024	\$ 765,428
2025	365,117
2026	28,000
Total undiscounted cash flows	1,158,545
Less: present value discount	(25,053)
Total lease liabilities	\$ 1,133,492

The weighted average remaining lease term and weighted average discount rate as of June 30, 2023 are as follows:

	Years
Weighted average remaining lease terms:	
Operating leases	1.76
	Percent
Weighted average discount rate:	
Operating leases	2.83%

**Leases - 2022**

The School has extended its lease agreement in February 2019 for school space. The lease expires in July 2024. Lease payments are based on 41,801 square feet of occupancy of the premises. The annual rental rate is \$4.50 per square foot for units No. 1 – 5 (26,809 square feet) and \$7.00 per square foot for units No. 6 – 10 (14,992 square feet). All units have an increase in price per square foot of \$0.50 each August. Additionally, the rental payment each month includes \$4,668 of common area expenses for maintenance, taxes and insurance. Rental expense under the lease for 2022 was \$279,046 annually.

The lease has an option to be extended for two immediately successive periods of five years each upon the same terms, covenants and conditions of the current lease agreement.

**Capital lease obligations - 2022**

The School's capital lease obligations monthly were \$691 for technology and equipment. The interest rate was paid monthly at a rate of 6.9%. Future maturities of long-term debt are \$5,583 for the fiscal year ended June 30, 2022.

## **NOTE 8 - COMMITMENTS AND CONTINGENCIES**

### **Grants**

The School receives federal and state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant.

### **Suits and Claims**

Various suits and claims arising in the ordinary course of operations are pending against the School. The majority of the cases are either covered by insurance or other defenses; however, the ultimate effect of such litigation cannot be ascertained at this time. However, the School has not recorded the estimated liability for the potential exposure for claims which were not considered to be measurable and probable.

## **NOTE 9 - RETIREMENT PLAN**

The School sponsors a salary deferral plan that has been established under Section 403(b) of the Internal Revenue Code. Under the provisions of the plan, employees may elect to defer a maximum of \$22,500 annually for calendar year 2023. Salary deferrals, contributions and the related earnings are 100% vested and non-forfeitable.

The School makes contributions to the Plan for employees with a written employment contract and in the amount stipulated by the contract, which is in accordance with the plan document. Contributions by the School totaled \$145,968 and \$111,545 for 2023 and 2022, respectively.

The assets are held in a trust fund established under the Plan. The Plan is administered by Voya Retirement Insurance and Annuity Company (formerly operating as ING).

## **NOTE 10 - FUNDRAISING INCOME AND EXPENSES**

The funds raised by the School's gala are included in operations and totaled \$36,935 and \$53,623 for 2023 and 2022, respectfully. The expenses attributable to the annual gala were \$11,579 and \$9,240 for 2023 and 2022, respectfully.

## **NOTE 11 – RELATED PARTIES**

During 2023 and 2022, the School paid for professional services from a related party in the amount of \$314,857 and \$61,094, respectively.

(Continued)

**NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the School’s financial assets as of June 30, 2023 and 2022, excluding amounts not available for general use within one year of the balance sheet date due to contractual or donor-imposed restrictions or internal designations.

	2023	2022
Financial assets, at year-end:		
Cash	\$ 1,600,054	\$ 1,212,396
Receivables	1,537,241	370,666
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions	(183,493)	(183,493)
Financial assets available for general expenditures within one year	\$ 2,953,802	\$ 1,399,569

As part of the School’s liquidity management, the School maintains sufficient cash funds during the year attributable to the annual cash receipts from federal, state, and local grants, contributions from foundations and individuals, and utilizing the available lines of credit balances.

**NOTE 12 - SUBSEQUENT EVENTS**

The School has evaluated subsequent events through December 18, 2023, which is the date the financial statements were available for issuance.

In August 2023, the School began operating a new Type 2 charter school in Caddo Parish called Louisiana Key Academy Caddo and is being operated by Louisiana Key Academy.

The School entered into a lease agreement that commenced September 1, 2023 for a term of 15 years with the lease ending August 30, 2038. The monthly lease payment charged with be at a rate of \$167 per student and in no event shall be less than \$26,000 except for the first four months of the agreement where rent shall be \$11,667 monthly.

## **SUPPLEMENTARY INFORMATION**

**LOUISIANA KEY ACADEMY**

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended June 30, 2023

**Agency Head: Dr. Laura Cassidy, Board Chair**

<u>Purpose</u>	<u>Amount</u>
Reimbursements	\$ 1,984
	<u>\$ 1,984</u>

**SINGLE AUDIT SECTION**

## LOUISIANA KEY ACADEMY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Baton Rouge, Louisiana

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures (\$)
<b>U.S. Department of Agriculture</b>			
Passed through the Louisiana Department of Education/Child Nutrition Cluster			
School Breakfast Program	10.553	Unavailable	\$ 103,929
National School Lunch Program	10.555	Unavailable	<u>264,868</u>
Total Child Nutrition Cluster			368,797
Total Department of Agriculture			<u>368,797</u>
<b>U.S. Department of Education</b>			
Passed through the Louisiana Department of Education / Special Education Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027	U6810631.2021 / U6810631.2122	164,820
Passed through the Louisiana Department of Education			
COVID-19 Education Stabilization Fund - ESSERF II Formula	84.425D	U6810015.2021	573,702
COVID-19 Education Stabilization Fund - ESSERF III Formula	84.425U	U6810015.2021	682,759
Title I Grants to Local Educational Agencies	84.010A	Unavailable	178,084
Redesign Grants	84.010A	Unavailable	98,500
Comprehensive Literacy State Development Program	84.371C	Unavailable	52,500
Title II A - Supporting Effective Instruction State Grant	84.367A	Unavailable	<u>9,000</u>
Total Department of Education			<u>1,759,365</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>2,128,162</u></b>

# LOUISIANA KEY ACADEMY

Baton Rouge, Louisiana

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2023

### NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity for the School under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School. All federal financial assistance received directly from federal agencies is included on the Schedule, as well as federal financial assistance passed through other agencies.

### NOTE 2 - BASIS OF ACCOUNTING

The School's Schedule is presented using the accrual basis of accounting, which is described in Note 1 to the School's financial statements for the year ended June 30, 2023. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and 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.

### NOTE 3 - INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis indirect cost as allowed under the Uniform Guidance.

### NOTE 4 - RELATIONSHIP TO THE FEDERAL REPORTS

Amounts reported in the 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 5 - NONCASH ASSISTANCE

The School did not receive any federal noncash assistance for the year ended June 30, 2023.

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**



**Daigrepoint & Brian**  
Certified Public Accountants

**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  
Louisiana Key Academy  
Baton Rouge, LA

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 Louisiana Key Academy (the School) (a non-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, 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 18, 2023.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control described in the accompanying schedule of findings and question costs as items 2023-02 to be a material weakness.

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. We consider the deficiency in internal control described in the accompanying schedule of findings and question costs as item 2023-01 to be a significant deficiency.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Key Academy'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items, 2023-01 and 2023-02.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor 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.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 18, 2023



**Daigrepoint & Brian**  
Certified Public Accountants

## **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  
Louisiana Key Academy  
Baton Rouge, LA

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Louisiana Key Academy's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Louisiana Key Academy's major federal programs for the year ended June 30, 2023. Louisiana Key Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Louisiana Key Academy 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, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Louisiana Key Academy 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 Louisiana Key Academy'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 Louisiana Key Academy's federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Louisiana Key Academy'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 Louisiana Key Academy'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 Louisiana Key Academy'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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-01 and 2022-02. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Louisiana Key Academy's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Louisiana Key Academy's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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.

A handwritten signature in black ink that reads "Daigrepoint & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 18, 2023

**Louisiana Key Academy  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

We have audited the financial statements of Louisiana Key Academy as of June 30, 2023 and for the year then ended and have issued our report thereon dated December 18, 2023. 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 and the provisions of the Uniform Guidance.

**A. Summary of Auditors Reports**

**Financial Statements**

a. Type of report issued on the financial statements:	Unmodified	
b. Internal control over financial reporting:	Yes	No
Material weaknesses identified	<u>    X    </u>	<u>          </u>
Significant deficiencies	<u>    X    </u>	<u>          </u>
c. Noncompliance material to the financial statements	<u>    X    </u>	<u>          </u>

**Federal Awards**

a. Type of auditors' report issued on compliance for major programs	Unmodified	
b. Internal control over major programs:	Yes	No
Material weaknesses identified	<u>          </u>	<u>    X    </u>
Significant deficiencies	<u>          </u>	<u>    X    </u>
c. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<u>    X    </u>	<u>          </u>
d. Identification of major programs: CFDA 84.425 – Education Stabilization Fund		
e. Dollar threshold used to distinguish between Type A and Type B programs:	<u>  \$750,000  </u>	
f. Auditee qualified as a low-risk audit	<u>          </u>	<u>    X    </u>

**Louisiana Key Academy  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

**B. Findings in Accordance with *Government Auditing Standards***

See findings 2023-01 and 2023-02.

**C. Findings and Questioned Costs for Federal Awards Under the Uniform Guidance**

**2023-001: Internal Control Over Compliance of Special Tests and Provisions – Non-Profit School Food Service Accounts**

**Title and CFDA Number of the Federal Program:** CFDA 10.553 School Breakfast Program, CFDA 10.555 National School Lunch Program, and 10.559 Summer Food Service Program for Children

**Year Finding Originated:** 2022

**Compliance Requirement:** Special Tests and Provisions

**Name of Federal Agency:** Department of Education

**Pass-through Agency:** Louisiana Department of Education

**Questioned Costs:** No questioned costs noted.

**Condition:** There are not effective internal controls over the accounting of the school foodservice program, as required by Uniform Guidance.

**Criteria:** The School must design and implement internal controls to provide reasonable assurance regarding the reliability and maintenance of recordkeeping for the school food service program.

**Cause:** Controls over the compliance requirement of special tests and provisions – non-profit school food service accounts were not designed and implemented appropriately. Funds received and disbursed for the food service program were comingled and not separately accounted for.

**Effect:** Lack of controls over this compliance requirement impacted compliance.

**Recommendation:** Management should use the food service bank account for all food service transactions. Specifically, funds received and disbursed for food service activities should be deposited directly into the food service bank account and likewise all expenses for food services should be paid out of the food service bank account.

**Management's Corrective Action Plan:** See page 32 for management's corrective action plan

**2023-002: Compliance of Special Tests and Provisions – Non-Profit School Food Service Accounts**

**Title and CFDA Number of the Federal Program:** CFDA 10.553 School Breakfast Program, CFDA 10.555 National School Lunch Program, and 10.559 Summer Food Service Program for Children

**Year Finding Originated:** 2022

**Compliance Requirement:** Special Tests and Provisions

**Name of Federal Agency:** Department of Education

**Pass-through Agency:** Louisiana Department of Education

**Questioned Costs:** No questioned costs noted.

**Condition:** The School did not credit account for the food service account appropriately during the year.

**Criteria:** As described in 2 CFR sections 210.14(a), 210.14(c), 210.19(a)(2), 215.7(d)(1), 220.2, and 220.7(e)(1)(i), the School must operate its food services on a non-profit basis; all revenue generated by the School food service must be used to operate and improve its food services. **Cause:** The School did not appropriately maintain its food service accounting records.

**Effect:** The School was not in compliance with this program's special test and provision compliance requirement.

**Recommendation:** Management should use the food service bank account for all food service transactions. Specifically, funds received and disbursed for food service activities should be deposited directly into the food service bank account and likewise all expenses for food services should be paid out of the food service bank account.

**Management's Corrective Action Plan:** See page 32 for management's corrective action plan

**Louisiana Key Academy  
Schedule of Prior Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**A. Findings in Accordance with *Government Auditing Standards***

See findings 2022-01, 2022-02, and 2022-03 in Section B below.

**B. Findings and Questioned Costs for Federal Awards Under the Uniform Guidance**

**2023-01: Internal Control Over Compliance of Special Tests and Provisions – Non-Profit School Food Service Accounts**

This finding has been restated as 2023-01.

**2023-02: Compliance of Special Tests and Provisions – Non-Profit School Food Service Accounts**

This finding has been restated as 2023-02.

**2022-03: Internal Control over Compliance Requirements**

This finding is considered resolved.



December 18, 2023

In your audit report for the annual audit of Louisiana Key Academy (the School) for the year ended June 30, 2023, you reported findings related to internal controls and compliance. Below are the School's responses to those findings.

**Finding 2023-01 Internal Control Over Compliance of Special Tests and Provisions – Non-Profit School Food Service Accounts**

**View of Responsible Official:** The School agrees to solely use the food service bank account for all revenues and expenses related to the food service program. The School will begin the process of transitioning bank information to respective vendors and governmental agencies to ensure the monies received for the food service program are deposited into the account and expenses for the food service program are paid out of this account.

**Contact Person:** Tory Jones, Finance Director  
**Expected Implementation Date:** February 2024

**Finding 2023-02 Compliance of Special Tests and Provisions – Non-Profit School Food Service Accounts**

**View of Responsible Official:** See response above to finding 2023-01, the School believes this will also resolve Finding 2023-02.

**Contact Person:** Tory Jones, Finance Director  
**Expected Implementation Date:** February 2024

DocuSigned by:  
  
028E09AFAB9C4AD...  
Troy Jones, Finance Director



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

To the Board of Directors  
Louisiana Key Academy  
Baton Rouge, LA

Dear Board Members:

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, 2022 through June 30, 2023. Louisiana Key Academy's management is responsible for those C/C areas identified in the SAUPs.

Louisiana Key Academy 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, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (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.

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

Exception: No written information technology disaster recovery/business continuity policy was included.

#### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe 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.
  - b) For those entities reporting on the governmental accounting model, observe whether 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 nonprofit 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.*
  - c) For governmental entities, obtain the prior year audit report and observe 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, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- d) 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.

Exception: The board did not meet with a quorum for 2 months out of the fiscal year. The board failed to provide written updates of the progress of resolving prior year audit findings. No other exceptions were noted as a result of applying these procedures.

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include 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
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: One of the four bank accounts tested was not reconciled within two months of the statement closing date.

### ***Collections (excluding electronic funds transfers)***

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4. Obtain 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 select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect 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 observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

Exception: No documentation showing when the collection was received.

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

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8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (ETF), wire transfer, or some other electronic means.
10. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only 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 and/or account for testing that does include electronic disbursements.

Results: No exceptions noted as a result of applying this procedure.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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12. Obtain 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 persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether 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.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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.

Exception: Management was unable to provide supporting documentation for 10 of the 10 transactions selected.

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

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15. Obtain 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 select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe 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](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe 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 policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted as a result of applying this procedure.

### ***Contracts***

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- 16. Obtain 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.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe 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).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted as a result of applying this procedure.

### ***Payroll and Personnel***

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- 17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - b) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- c) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain 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 select two employees or officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations and the entity’s policy on termination payments. Agree the hours to the employee or officials’ cumulative leave records, agree 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.
  20. Obtain 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.

Results: No exceptions noted as a result of applying this procedure.

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above: obtain ethics documentation from management, and:
  - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions noted as a result of applying this procedure.

### ***Debt Service***

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: The Organization is a nonprofit organization so this procedure does not apply.

### ***Fraud Notice***

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing,

obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

26. Observe 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.

Exception: The fraud notice is not posted on the Organization's website.

### ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect 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 observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates 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.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees previously obtained. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

### ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
30. Observe 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).
31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: As a charter school prevention of sexual harassment does not apply.

The Board of Directors of Louisiana Key Academy concurs and is working to resolve the exceptions identified.

We were engaged by Louisiana Key Academy 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 Louisiana Key Academy 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.



Daigrepont & Brian, APAC  
Baton Rouge, LA

December 18, 2023



## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
Louisiana Key Academy  
Baton Rouge, LA

Dear Board Members:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Louisiana Key Academy (the School) as of year ended June 30, 2023, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance Louisiana Revised Statute 24:514 I. The School's management is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

#### Procedure #1

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

#### Results of Procedure #1

No exceptions noted as a result of applying this procedure.

Class Size Characteristics (Schedule 2)

Procedure #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 1st roll books for those classes and observed that the class was properly classified on the schedule.

Results of Procedure #2

No exceptions noted as a result of applying this procedure.

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

Procedure #3

We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected 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.

Results of Procedure #3

No exceptions noted as a result of applying this procedure.

Public School Staff Data: Average Salaries (No Schedule)

Procedure #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).

Results of Procedure #4

Exception Noted: For 21 of the 25 individuals selected we were not able to verify the salary, extra compensation, and full-time equivalent amounts included on the PEP data to supporting documentation.

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 engagement, 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 the School, 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.

*Daigrepoint & Brian APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 18, 2023

LOUISIANA KEY ACADEMY  
BATON ROUGE, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)  
As of and for the Year Ended June 30, 2023

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Louisiana Key Academy  
Baton Rouge, LA**

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources**

**For the Year Ended June 30, 2023**

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,646,192	
Other Instructional Staff Activities	3,051	
Instructional Staff Employee Benefits	840,320	
Purchased Professional and Technical Services	357,179	
Instructional Materials and Supplies	139,861	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	3,986,603	3,986,603
Other Instructional Activities	47,002	
Total Other Instructional Activities	47,002	47,002
Pupil Support Activities	172,199	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	172,199	172,199
Instructional Staff Services	-	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	-	-
School Administration	1,506,555	
Less: Equipment for School Administration	-	
Net School Administration	1,506,555	1,506,555
Total General Fund Instructional Expenditures	\$ 5,712,359	
Total General Fund Equipment Expenditures	\$ -	

See independent accountants' report on applying agreed-upon procedures

**Louisiana Key Academy  
Baton Rouge, LA**

**Class Size Characteristics  
As of October 1, 2022**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	98%	240	0%	-	1%	1	1%	1
Elementary Activity Classes	82%	28	9%	3	0%	-	9%	3
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	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades 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.