

Lake Charles Charter Academy
Foundation, Inc.

Combined Financial Statements
For the Year Ended June 30, 2023



Lake Charles Charter Academy Foundation, Inc.

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Lake Charles Charter Academy Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

Opinion

We have audited the accompanying combined financial statements of Lake Charles Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 Combined Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements on pages 20 through 25, the Schedule of Board of Directors and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 29 and 30 are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The Performance and Statistical Data and the Louisiana Legislative Auditor Statewide Agreed-Upon Procedures on pages 41 through 58 are not a required part of the combined financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Reports 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 January 22, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 22, 2024

FINANCIAL STATEMENTS



Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Financial Position
June 30, 2023

Current Assets:

Cash and cash equivalents	\$ 10,198,928
Custodial funds - cash	53,788
Grants receivable	2,148,789
Accrued interest receivable	8,150
Other receivables	62,041
Prepaid items	8,378
Investments	1,614,640
Restricted investments	<u>900,634</u>

Total current assets 14,995,348

**Property and Equipment, Less Accumulated
Depreciation of \$ 13,343,542**

46,855,647

Other Assets:

Restricted investments	4,463,627
Deposits	<u>20,088</u>

Total other assets 4,483,715

Total assets \$ 66,334,710

Current Liabilities:

Accounts payable and accrued expenses	\$ 594,330
Salaries and wages payable	1,481,104
Accrued interest payable	183,709
Due to management company	750,333
Due to agency funds	13,115
Custodial funds	53,788
Compensated absences	84,741
Current portion of bonds payable	<u>830,000</u>

Total current liabilities 3,991,120

Noncurrent Liabilities:

Compensated absences	28,247
Bonds payable, net of unamortized discount and bond issuance costs	<u>48,795,348</u>

Total noncurrent liabilities 48,823,595

Total liabilities 52,814,715

Commitments (Note 11)

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Net Assets - Without Donor Restrictions

13,519,995

Total liabilities and net assets \$ 66,334,710

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

Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Activities Without Donor Restrictions
For the Year Ended June 30, 2023

Support and Revenues:

Minimum Foundation Program	\$ 29,482,668
State grants	649,773
Federal grants	11,233,520
Before and aftercare fees	50,749
E-rate revenues	59,717
Interest income	310,694
Other income	<u>120,657</u>
 Total support and revenue	 <u>41,907,778</u>

Expenses:

Program services:	
Regular education	15,399,566
Special education	12,854,054
Other education	410,582
Supporting services:	
Management and general	<u>10,347,941</u>
 Total expenses	 <u>39,012,143</u>

Other Income (Expenses)

Proceeds from insurance claims	464,735
Loss on disposal of property and equipment	<u>(992,122)</u>

Change in net assets without donor restrictions	2,368,248
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Net Assets Without Donor Restrictions, Beginning of Year	<u>11,151,747</u>
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Net Assets Without Donor Restrictions, End of Year	<u>\$ 13,519,995</u>
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The accompanying notes to combined financial statements are an integral part of these statements.

Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management and General	
Salaries	\$ 6,969,325	\$ 6,199,273	\$ 121,451	\$ 385,352	\$ 13,675,401
Contracted and vendor services	1,424,990	1,559,160	-	3,519,588	6,503,738
Interest	-	-	-	3,672,337	3,672,337
Repairs and maintenance	1,714,412	1,222,030	-	127,647	3,064,089
Benefits	1,176,216	929,162	8,737	464,872	2,578,987
Depreciation	1,280,058	912,464	-	94,929	2,287,451
Supplies and materials	1,062,212	769,029	-	32,107	1,863,348
Professional services	-	-	-	1,647,021	1,647,021
Food service	693,055	494,011	280,394	-	1,467,460
Utilities	466,719	332,675	-	58,606	858,000
Rent	134,095	95,584	-	9,935	239,614
Technology	111,880	79,747	-	47,905	239,532
Professional development	135,192	96,364	-	5,125	236,681
Marketing and recruitment	1,725	1,228	-	214,839	217,792
Insurance	85,685	61,077	-	6,348	153,110
Travel	45,191	32,212	-	19,350	96,753
Office expense	48,518	34,584	-	12,137	95,239
School board fees	39,523	28,172	-	-	67,695
Other	552.00	-	-	29,843	30,395
Student services	10,218	7,282	-	-	17,500
Total expenses	\$ 15,399,566	\$ 12,854,054	\$ 410,582	\$ 10,347,941	\$ 39,012,143

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

Lake Charles Charter Academy Foundation, Inc.
Combined Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities:

Change in net assets	\$ 2,368,248
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for depreciation	2,287,451
Provision for amortization of bond issuance costs	171,281
Provision for amortization of bond discount	(5,942)
Loss on disposal of property and equipment	992,122
(Increase) decrease in:	
Grants receivable	919,108
Accrued interest receivable	(7,059)
Other receivables	74,652
Prepaid items	78,076
Deposits	25,344
Increase (decrease) in:	
Accounts payable and accrued expenses	(521,262)
Salaries and wages payable	(16,003)
Due to management company	(279,228)
Due to agency funds	13,115
Accrued interest payable	(15,645)
Custodial funds	(37,549)
Compensated absences	20,526
	<u>6,067,235</u>
Net cash provided by operating activities	<u>6,067,235</u>

Cash Flows from Investing Activities:

Sales of investments	6,608,947
Purchases of investments	(6,105,336)
Proceeds from disposal of property and equipment	2,712,000
Payments for purchase of property and equipment	<u>(1,842,665)</u>
Net cash provided by investing activities	<u>1,372,946</u>

Cash Flows from Financing Activities:

Payments on bonds payable	<u>(2,995,000)</u>
Net cash used in financing activities	<u>(2,995,000)</u>

 Net increase in cash and cash equivalents 4,445,181

Cash and Cash Equivalents, Beginning of Year 5,807,535

Cash and Cash Equivalents, End of Year \$ 10,252,716

Cash and cash equivalents \$ 10,198,928

Custodial funds - cash 53,788

 Total cash and cash equivalents \$ 10,252,716

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

Note 1 - Organization and Operations

Organization: Lake Charles Charter Academy Foundation, Inc. (the “Foundation”), a Louisiana not-for-profit corporation, was formed on April 5, 2011 exclusively for educational purposes and is comprised of respected leaders in the Lake Charles community that are committed to providing high quality educational options for the citizens of the Calcasieu Parish. Lake Charles Charter Academy (“LCCA”) was established as a charter school for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu. Effective beginning with the 2022-2023 school year, the Louisiana Department of Education approved material amendments to the charter contracts for Southwest Louisiana Charter Academy and Lake Charles College Prep to be assigned from the Southwest Louisiana Charter Academy Foundation, Inc. to the Lake Charles Charter Academy Foundation, Inc. Southwest Louisiana Charter Academy (“SWLCA”) was established as a charter school for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu. Lake Charles College Prep (“LCCP”) was established as a charter school for students from ninth to twelfth grade in the Louisiana Parish of Calcasieu. All three schools are presented as Departments of the Foundation.

Nature of activities: LCCA was granted a charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) in 2011 to operate a Type 2 public charter school. The current charter is in effect until June 2026. The charter may be renewed at the discretion of BESE.

SWLCA was granted a charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) in 2012 to operate a Type 2 public charter school. The current charter is in effect until June 2025. The charter may be renewed at the discretion of BESE.

LCCP was granted a charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) in 2014 to operate a Type 2 public charter school. The current charter is in effect until June 2026. The charter may be renewed at the discretion of BESE.

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

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of combination: The accompanying combined financial statements include the accounts of the Foundation and the Schools. All significant intercompany balances and transactions have been eliminated in combination.

Basis of accounting: Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Foundation are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation reports no net assets with donor restrictions as of June 30, 2023.

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

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

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

Cash and cash equivalents: The Foundation considers all highly liquid or short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation routinely maintains cash balances at financial institutions which exceed federally insured amounts. The Foundation has not experienced any losses and does not believe that a significant credit risk exists as a result of this practice.

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted investments: At June 30, 2023, restricted investments include escrow balances restricted for debt service (Notes 4 and 9) and other activities as follows:

Series 2011 Debt Service Reserve Fund	\$ 1,389,963
Series 2011 Revenue Fund	54,747
Series 2013 Debt Service Reserve Fund	1,594,678
Series 2013 Revenue Fund	62,000
Series 2019 Debt Service Reserve Fund	1,478,985
Series 2019 Insurance Proceeds Fund	206,505
Series 2019 Revenue Fund	166,643
Series 2019 Repair and Replacement Fund	103,141
Series 2019 Principal Fund	38,931
Series 2019 Fees Fund	1,814
Series 2019 Project Fund	241,894
Series 2019 Redemption Fund	23,883
Series 2019 Capitalized Interest Fund	<u>1,077</u>
Total restricted investments	<u>\$ 5,364,261</u>

Promises to give: The Entity records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Entity had no unconditional or conditional promises to give as of June 30, 2023.

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Bond issuance costs and provision for amortization: The Foundation incurred certain costs in connection with the issuance of its bonds. These costs have been capitalized for financial reporting purposes and are amortized over the term of the bonds on a straight-line basis. In accordance with the guidance of Financial Accounting Standards Board in its Accounting Standards Update 2015-03, *Interest-Imputation of Interest*, the Organization has presented its bond issuance costs in the statement of financial position as a direct deduction from the bonds payable.

Total provision for amortization was \$ 171,281 for the year ended June 30, 2023.

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

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

Amounts received prior to meeting certain conditions, including measurable performance or other barriers, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

The Schools, as Type 2 charter schools, receive Minimum Foundation Program funding from BESE in an amount for pupils based on estimated daily attendance at the Schools. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the result of any audits performed.

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

Functional allocation of expenses: The costs of providing the programs and activities of the Foundation have been summarized on a functional basis in the accompanying statement of functional expenses. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Date of management's review: Subsequent events have been evaluated through January 22, 2024, which is the date the financial statements were issued.

Note 3 - Custodial Funds - Cash

As a service to the various school club and parent organizations, the Schools permit these organizations to deposit their own funds in a separate School checking accounts. Since these funds do not belong to the Schools, they are also recorded as a liability in the statement of net position.

Note 4 - Restricted Investments

Previously, the Foundation borrowed funds for construction of facilities for the Schools (Note 9). The restricted investments of the Foundation are governed by the Bond Indentures and are held by the Trustee. At June 30, 2023, the Foundation has \$ 5,364,261 invested in a money market fund that is stated at amortized cost which approximates fair value.

Note 5 - Investments

LCCA has a non-negotiable certificate of deposit for \$ 1,614,640 which earns interest at 0.61% and matures on April 8, 2025.

Note 6 - Liquidity and Availability of Financial Assets

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

Financial Assets:	
Cash and cash equivalents	\$ 10,198,928
Grants and other receivables	2,218,980
Investments	<u>1,614,640</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,032,548</u>

Note 7 - Grants Receivable

As of June 30, 2023, grants receivable consisted of amounts due from the following sources:

Receivables	Amount
Title I	\$ 395,246
Title I - Redesign Grant	27,540
Title II	29,936
Title III	10,392
Title IV	17,000
Title V	15,184
IDEA	96,537
ESSER II	551,899
ESSER III	535,654
Comprehensive Literacy State Development	30,707
LA4 State	95,228
LDH Safer Smarter Schools	14,475
National School Lunch Program	186,172
Federal Emergency Management Agency	141,573
Real-time Early Access to Literacy	<u>1,246</u>
	<u>\$ 2,148,789</u>

Note 8 - Property and Equipment

Property and equipment balances and activity for the year ended June 30, 2023, are as follows:

Land	\$ 4,686,682
Construction in progress	191,812
Building	43,413,770
Computer equipment and software	5,429,595
Furniture, fixtures and equipment	3,070,781
Improvements	<u>3,406,549</u>
	60,199,189
Less: accumulated depreciation	<u>(13,343,542)</u>
Property and equipment, net	<u>\$ 46,855,647</u>

Depreciation expense for the year ended June 30, 2023 totaled \$ 2,287,451.

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

Note 9 - Bonds Payable

a. Summary of Bonds Payable

Bonds payable at June 30, 2023 is comprised of the following:

\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A; due in semi-annual installments beginning June 2016 through December 2041; interest payable semiannually at rates that range from 7.75% to 8.00%.	\$ 13,485,000
Less unamortized bond discount	(248,176)
Less unamortized bond issuance costs	(352,892)
\$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013; due in semi-annual installments through December 2043; interest payable semiannually at rates that range from 6.625% to 8.375%.	15,885,000
Less unamortized bond discount	(125,573)
Less unamortized bond issuance costs	(354,611)
\$ 20,805,000 Tax-Exempt Revenue Bonds, Series 2019A and \$ 2,735,000 Taxable Revenue Bonds, Series 2019B; due in semi-annual installments beginning June 2021 through June 2058; interest payable semi-annually at rates that range from 4.250% to 6.350%.	20,785,000
Plus unamortized bond premium	893,978
Less unamortized bond issuance costs	<u>(342,378)</u>
	<u>\$ 49,625,348</u>

Lake Charles Charter Academy Foundation, Inc.
Notes to Combined Financial Statements
June 30, 2023

Note 9 - Bonds Payable (continued)

The following is a summary of changes in the bonds payable for the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Deletions	Amortization	Balance at June 30, 2023	Due Within One Year
Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A	\$ 13,770,000	\$ -	\$ 285,000	\$ -	\$ 13,485,000	\$ 305,000
Discount on Series 2011 Bond	(261,651)	-	-	13,475	(248,176)	-
Series 2011 bond issuance costs	(372,053)	-	-	19,161	(352,892)	-
Tax-Exempt Educational Facilities Revenue Bonds, Series 2013	16,160,000	-	275,000	-	15,885,000	295,000
Discount on Series 2013 Bonds	(131,698)	-	-	6,125	(125,573)	-
Series 2013 bond issuance costs	(371,909)	-	-	17,298	(354,611)	-
Tax-Exempt Educational Facilities Revenue Bonds, Series 2019	23,220,000	-	2,435,000	-	20,785,000	230,000
Premium on Series 2019 Bonds	919,520	-	-	(25,542)	893,978	-
Series 2019 bond issuance costs	(477,200)	-	-	134,822	(342,378)	-
	<u>\$ 52,455,009</u>	<u>\$ -</u>	<u>\$ 2,995,000</u>	<u>\$ 165,339</u>	<u>\$ 49,625,348</u>	<u>\$ 830,000</u>

b. Summary of Significant Bond Terms

\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bond, Series 2011A - Series 2011A tax-exempt bond is for the purpose of (i) financing the acquisition, construction and equipping of LCCA facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2011A bond. The bond is payable in semi-annual principal installments beginning June 2016 through December 2041. Interest ranging from 7.75% to 8.00% is payable semiannually on the fifteenth day of June and December.

The bond is subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The bond is not subject to a premium at optional redemption after December 15, 2021.

The annual debt service requirement for the Series 2011A Educational Facilities Revenue Bonds not including unamortized discount and bond issuance costs consists of:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 305,000	\$ 1,064,175	\$ 1,369,175
2025	335,000	1,039,956	1,374,956
2026	355,000	1,013,606	1,368,606
2027	385,000	985,513	1,370,513
2028	415,000	955,094	1,370,094
2029-2033	2,625,000	4,227,038	6,852,038
2034-2038	3,885,000	2,976,200	6,861,200
2039-2042	5,180,000	1,019,000	6,199,000
	<u>\$ 13,485,000</u>	<u>\$ 13,280,582</u>	<u>\$ 26,765,582</u>

Note 9 - Bonds Payable (continued)

The trust indenture requires reserve funds equal to \$ 1,389,963 for the Series 2011A bonds. As of June 30, 2023, the reserve fund account balance was sufficient to satisfy this requirement. The trust indenture also contains a financial covenant which is as follows:

<u>Covenant</u>	<u>Requirement</u>	<u>Calculated</u>
Long-term debt service coverage ratio	At least 1.25	1.66

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Organization grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

\$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013 - Series 2013 tax-exempt bonds are for the purpose of (i) financing the acquisition, construction and equipping of SWLCA facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2013 bonds. The bonds are payable in semi-annual principal installments through December 2043. Interest ranging from 6.625% to 8.375% is payable semiannually on the fifteenth day of June and December.

The bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The bonds are not subject to a premium at optional redemption after December 15, 2023.

The annual debt service requirement for the Series 2013 Educational Facilities Revenue Bonds consists of:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 295,000	\$ 1,298,316	\$ 1,593,316
2025	315,000	1,276,166	1,591,166
2026	340,000	1,251,766	1,591,766
2027	365,000	1,225,269	1,590,269
2028	395,000	1,196,865	1,591,865
2029-2033	2,510,000	5,450,288	7,960,288
2034-2038	3,745,000	4,214,094	7,959,094
2039-2042	4,310,000	2,059,959	6,369,959
2043-2044	3,610,000	371,431	3,981,431
	<u>\$ 15,885,000</u>	<u>\$ 18,344,154</u>	<u>\$ 34,229,154</u>

Note 9 - Bonds Payable (continued)

The trust indenture requires reserve funds equal to \$ 1,594,678 for the Series 2013 bonds. As of June 30, 2023, the reserve fund account balance was sufficient to satisfy this requirement. The trust indenture also contains a financial covenant which is as follows:

<u>Covenant</u>	<u>Requirement</u>	<u>Calculated</u>
Long-term debt service coverage ratio	At least 1.25	2.20

\$ 20,805,000 Tax-Exempt Revenue Bonds, Series 2019A and \$ 2,735,000 Taxable Revenue Bonds, Series 2019B - Series 2019 bonds are for the purpose of (i) financing the acquisition, construction and equipping of LCCP facilities, (ii) refinance existing debt used to acquire temporary facilities and the land site upon which the facility will be located, (iii) paying capitalized interest, (iv) funding a reserve fund, and (v) paying a portion of the costs of issuance of the Series 2019 bonds. The bonds are payable in annual principal installments beginning June 2023 through June 2058 for the Series 2019A bonds and June 2021 through June 2058 for the Series 2019B bonds. Interest at 5.0% is payable semiannually on the first day of June and December on the Series 2019A bonds and at rates that range from 4.250% to 6.350% on the Series 2019B bonds.

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 230,000	\$ 1,039,250	\$ 1,269,250
2025	240,000	1,027,750	1,267,750
2026	255,000	1,015,750	1,270,750
2027	265,000	1,003,000	1,268,000
2028	280,000	989,750	1,269,750
2029-2033	1,625,000	4,723,750	6,348,750
2034-2038	2,075,000	4,275,000	6,350,000
2039-2043	2,645,000	3,702,000	6,347,000
2044-2048	3,370,000	2,971,750	6,341,750
2049-2053	4,305,000	2,040,000	6,345,000
2054-2058	5,495,000	851,000	6,346,000
	<u>\$ 20,785,000</u>	<u>\$ 23,639,000</u>	<u>\$ 44,424,000</u>

Note 9 - Bonds Payable (continued)

The trust indenture requires reserve funds equal to \$ 1,430,380 for the Series 2019 bonds. As of June 30, 2023, the reserve fund account balance was sufficient to satisfy this requirement. In addition, the trust indenture contains a financial covenant which requires LCCP to maintain a long-term debt service coverage ratio of 1.10 to 1.00. The trust indenture also contains a financial covenant which requires LCCP to maintain days cash on hand equal to or greater than 45 days. LCCP’s financial covenants for the year ended June 30, 2023 are as follows:

<u>Covenant</u>	<u>Requirement</u>	<u>Calculated</u>
Long-term debt service coverage ratio	At least 1.10	2.26
Days cash on hand	At Least 45 Days	135

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Foundation grants the Louisiana Public Facilities Authority (the “Authority”) a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

Note 10 - Income Taxes

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

Note 11 - Commitments

Management agreements: LCCA and SWLCA have formal agreements with Charter Schools USA at Lake Charles, LLC (“CSUSA”) to manage, staff, and operate the School. The cost reimbursements and management fees (the “fee”) range from \$ 3,292,573 for 2024 to \$ 3,597,884 for 2027 if the Schools obtain a letter grade of “B” or above and at lesser amounts for grades below “B” as defined in the agreement. Total cost reimbursements and management fees amounted to \$ 3,483,019 for the year ended June 30, 2023. Extension of the agreements shall correspond to the length of the charter and shall be approved by the Board of Directors.

LCCA and SWLCA had amounts due to CSUSA for \$ 750,333 at June 30, 2023. This amount is shown on the basic financial statements as an amount due to management company.

The Foundation also has an Education Service Provider (ESP) agreement with McNeese State University (the “University”) to assist the Foundation in its management and operation of educational services of LCCP through June 2023. Annual ESP fees were \$ 77,500 for the year ended June 30, 2023. Effective July 1, 2023, LCCP signed a formal agreement with CSUSA to manage, staff and operate the School. For the first 18 months of the agreement, the fee shall be 4% of revenues as defined in the agreement. Thereafter, the fee shall be 5% of revenues if the School obtains a letter grade of “B” or above and at lesser amounts for grade below “B” as defined in the agreement.

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

Note 12 - Employee Benefit Plan

During the year ended June 30, 2023, LCCA and SWLCA offered all of their full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the Schools’ management, the Schools may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

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

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan Year ended December 31, 2022, the Schools had forfeitures of \$ 3,424. For the year ended June 30, 2023, the Schools contributed a matching amount of \$ 30,582.

During the year ended June 30, 2023, LCCP offered all of its full-time employees a retirement plan (the “Plan”) under Internal Revenue Code Section 403(b). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the LCCP’s management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions.

Participants become vested in LCCP contributions and earnings on LCCP contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 3	0%
3	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the year ended June 30, 2023, LCCP contributed a matching amount of \$ 46,295.

Note 13 - Functional Expenses

The majority of expenses reported in the financial statements can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function, including depreciation and amortization, leadership salaries and the technology department, have been allocated among program and supporting services classification based on estimates of time and effort and square footage.

Note 14 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

Cash received during the year for - Interest income	\$	303,259
Cash paid during the year for - Interest expense	\$	3,536,883

COMBINING FINANCIAL STATEMENTS



Lake Charles Charter Academy Foundation, Inc.
Combining Statement of Financial Position
June 30, 2023

	Lake Charles Charter Academy	Southwest Louisiana Charter Academy	Lake Charles College Prep	Lake Charles Charter Academy Foundation	Eliminations	Combining Total
Current Assets:						
Cash and cash equivalents	\$ 2,791,211	\$ 3,154,092	\$ 3,432,926	\$ 820,699	\$ -	\$ 10,198,928
Custodial funds - cash	24,292	23,412	6,084	-	-	53,788
Grants receivable	781,098	786,097	581,594	-	-	2,148,789
Accrued interest receivable	-	-	8,150	-	-	8,150
Due from related parties	27,367	-	1,342,423	-	(1,369,790)	-
Other receivables	53,776	8,265	-	-	-	62,041
Prepaid items	-	-	8,378	-	-	8,378
Investments	1,614,640	-	-	-	-	1,614,640
Restricted investments	54,747	62,000	783,887	-	-	900,634
Total current assets	<u>5,347,131</u>	<u>4,033,866</u>	<u>6,163,442</u>	<u>820,699</u>	<u>(1,369,790)</u>	<u>14,995,348</u>
Property and Equipment, Less Accumulated Depreciation						
	<u>15,449,346</u>	<u>11,296,665</u>	<u>20,109,636</u>	<u>-</u>	<u>-</u>	<u>46,855,647</u>
Other Assets:						
Restricted investments	1,389,963	1,594,678	1,478,986	-	-	4,463,627
Deposits	11,462	8,626	-	-	-	20,088
Total other assets	<u>1,401,425</u>	<u>1,603,304</u>	<u>1,478,986</u>	<u>-</u>	<u>-</u>	<u>4,483,715</u>
Total assets	<u>\$ 22,197,902</u>	<u>\$ 16,933,835</u>	<u>\$ 27,752,064</u>	<u>\$ 820,699</u>	<u>\$ (1,369,790)</u>	<u>\$ 66,334,710</u>
Current Liabilities:						
Accounts payable and accrued expenses	\$ 301,866	\$ 205,673	\$ 86,791	\$ -	\$ -	\$ 594,330
Salaries and wages payable	587,939	475,101	418,064	-	-	1,481,104
Accrued interest payable	43,614	53,407	86,688	-	-	183,709
Due to management company	281,479	468,854	-	-	-	750,333
Due to related parties	-	570,762	-	799,028	(1,369,790)	-
Due to agency funds	13,115	-	-	-	-	13,115
Custodial funds	24,292	23,412	6,084	-	-	53,788
Compensated absences	40,975	43,766	-	-	-	84,741
Bonds payable	305,000	295,000	230,000	-	-	830,000
Total current liabilities	<u>1,598,280</u>	<u>2,135,975</u>	<u>827,627</u>	<u>799,028</u>	<u>(1,369,790)</u>	<u>3,991,120</u>
Noncurrent Liabilities:						
Compensated absences	13,658	14,589	-	-	-	28,247
Bonds payable, net of unamortized premium, discount and bond issuance costs	<u>12,578,932</u>	<u>15,109,816</u>	<u>21,106,600</u>	<u>-</u>	<u>-</u>	<u>48,795,348</u>
Total noncurrent liabilities	<u>12,592,590</u>	<u>15,124,405</u>	<u>21,106,600</u>	<u>-</u>	<u>-</u>	<u>48,823,595</u>
Total liabilities	<u>14,190,870</u>	<u>17,260,380</u>	<u>21,934,227</u>	<u>799,028</u>	<u>(1,369,790)</u>	<u>52,814,715</u>
Net Assets (Deficit) - Without Donor Restrictions						
	<u>8,007,032</u>	<u>(326,545)</u>	<u>5,817,837</u>	<u>21,671</u>	<u>-</u>	<u>13,519,995</u>
Total liabilities and net assets	<u>\$ 22,197,902</u>	<u>\$ 16,933,835</u>	<u>\$ 27,752,064</u>	<u>\$ 820,699</u>	<u>\$ (1,369,790)</u>	<u>\$ 66,334,710</u>

Lake Charles Charter Academy Foundation, Inc.
Combining Statement of Activities Without Donor Restrictions
For the Year Ended June 30, 2023

	<u>Lake Charles Charter Academy</u>	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Lake Charles Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Support and Revenues:						
Minimum Foundation Program	\$ 12,466,164	\$ 9,500,850	\$ 7,515,654	\$ -	\$ -	\$ 29,482,668
State grants	309,847	259,080	80,846	-	-	649,773
Federal grants	3,921,272	4,070,366	3,241,882	-	-	11,233,520
Before and aftercare fees	39,538	11,211	-	-	-	50,749
E-rate revenues	33,117	26,600	-	-	-	59,717
Interest income	90,814	106,859	112,645	376	-	310,694
Other income	42,461	18,822	59,374	-	-	120,657
	<u>16,903,213</u>	<u>13,993,788</u>	<u>11,010,401</u>	<u>376</u>	<u>-</u>	<u>41,907,778</u>
Expenses:						
Program services:						
Regular education	6,707,378	4,761,811	3,929,825	552	-	15,399,566
Special education	5,606,184	3,984,019	3,263,851	-	-	12,854,054
Other education	180,439	128,972	101,171	-	-	410,582
Supporting services:						
Management and general	4,046,748	3,430,233	2,870,960	-	-	10,347,941
	<u>16,540,749</u>	<u>12,305,035</u>	<u>10,165,807</u>	<u>552</u>	<u>-</u>	<u>39,012,143</u>
Other Income (Expenses)						
Proceeds from insurance claims	439,056	25,679	-	-	-	464,735
Loss on disposal of property and equipment	-	-	(992,122)	-	-	(992,122)
	<u>439,056</u>	<u>25,679.00</u>	<u>(992,122)</u>	<u>-</u>	<u>-</u>	<u>(527,387)</u>
Change in net assets without donor restrictions	801,520	1,714,432	(147,528)	(176)	-	2,368,248
Net Assets (Deficit) Without Donor Restrictions, Beginning of Year	<u>7,205,512</u>	<u>(2,040,977)</u>	<u>5,965,365</u>	<u>21,847</u>	<u>-</u>	<u>11,151,747</u>
Net Assets (Deficit) Without Donor Restrictions, End of Year	<u>\$ 8,007,032</u>	<u>\$ (326,545)</u>	<u>\$ 5,817,837</u>	<u>\$ 21,671</u>	<u>\$ -</u>	<u>\$ 13,519,995</u>

Lake Charles Charter Academy Foundation, Inc.
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

	<u>Lake Charles Charter Academy</u>	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Lake Charles Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Cash Flows from Operating and Non-operating Activities:						
Change in net assets	\$ 801,520	\$ 1,714,432	\$ (147,528)	\$ (176)	\$ -	\$ 2,368,248
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Provision for depreciation	897,971	583,935	805,545	-	-	2,287,451
Provision for amortization of bond costs	19,161	17,298	134,822	-	-	171,281
Provision for amortization of bond premium and discount	13,475	6,125	(25,542)	-	-	(5,942)
Loss on disposal of property and equipment	-	-	992,122	-	-	992,122
(Increase) Decrease in:						
Grants receivable	535,430	79,654	304,024	-	-	919,108
Other receivables	76,214	(1,562)	-	-	-	74,652
Due from related parties	26,235	270,615	(1,342,423)	-	1,045,573	-
Accrued interest receivable	-	-	(7,059)	-	-	(7,059)
Prepaid items	41,586	15,050	21,440	-	-	78,076
Deposits	22,162	3,182	-	-	-	25,344
Increase (Decrease) in:						
Accounts payable and accrued expenses	(355,218)	102,613	(268,657)	-	-	(521,262)
Salaries and wages payable	(7,851)	12,063	(20,215)	-	-	(16,003)
Accrued interest payable	(1,820)	(1,405)	(12,420)	-	-	(15,645)
Due to management company	(423,624)	144,396	-	-	-	(279,228)
Due to agency funds	13,115	-	-	-	-	13,115
Due to related parties	-	540,536	(23,376)	528,413	(1,045,573)	-
Custodial funds	(19,254)	(9,012)	(9,283)	-	-	(37,549)
Compensated absences	(5,673)	26,199	-	-	-	20,526
Net cash provided by (used in) operating and non-operating activities	<u>1,633,429</u>	<u>3,504,119</u>	<u>401,450</u>	<u>528,237</u>	<u>-</u>	<u>6,067,235</u>
Cash Flows from Investing Activities:						
Sales of investments	3,729,036	1,642,387	1,237,524	-	-	6,608,947
Proceeds from disposal of property and equipment	-	-	2,712,000	-	-	2,712,000
Purchases of investments	(3,084,596)	(1,703,822)	(1,316,918)	-	-	(6,105,336)
Payments for purchase of property and equipment	(685,512)	(999,674)	(157,479)	-	-	(1,842,665)
Net cash provided by (used in) investing activities	<u>(41,072)</u>	<u>(1,061,109)</u>	<u>2,475,127</u>	<u>-</u>	<u>-</u>	<u>1,372,946</u>
Cash Flows from Financing Activities:						
Payments on bonds and notes payable	(285,000)	(275,000)	(2,435,000)	-	-	(2,995,000)
Net cash provided by (used in) financing activities	<u>(285,000)</u>	<u>(275,000)</u>	<u>(2,435,000)</u>	<u>-</u>	<u>-</u>	<u>(2,995,000)</u>
Increase (decrease) in cash and cash equivalents	1,307,357	2,168,010	441,577	528,237	-	4,445,181
Cash and Cash Equivalents, Beginning of Year	<u>1,508,146</u>	<u>1,009,494</u>	<u>2,997,433</u>	<u>292,462</u>	<u>-</u>	<u>5,807,535</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,815,503</u>	<u>\$ 3,177,504</u>	<u>\$ 3,439,010</u>	<u>\$ 820,699</u>	<u>\$ -</u>	<u>\$ 10,252,716</u>

Lake Charles Charter Academy Foundation, Inc.
Combining Statement of Cash Flows
(Continued)
For the Year Ended June 30, 2023

	<u>Lake Charles Charter Academy</u>	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Cash and cash equivalents	\$ 2,791,211	\$ 3,154,092	\$ 3,432,926	\$ 820,699	\$ -	\$ 10,198,928
Custodial funds - cash	<u>24,292</u>	<u>23,412</u>	<u>6,084</u>	<u>-</u>	<u>-</u>	<u>53,788</u>
Total cash and cash equivalents	<u>\$ 2,815,503</u>	<u>\$ 3,177,504</u>	<u>\$ 3,439,010</u>	<u>\$ 820,699</u>	<u>\$ -</u>	<u>\$ 10,252,716</u>

Lake Charles Charter Academy Foundation, Inc.
Combining Statement of Financial Position to Fund Balance Reconciliation
June 30, 2023

	<u>Lake Charles Charter Academy</u>	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Combining Total</u>
Total Net Assets (Deficit) Reported on the Combining Statement of Financial Position	\$ 8,007,032	\$ (326,545)	\$ 5,817,837	\$ 21,671	\$ 13,519,995
Capital assets are not reported for fund balance	(15,449,346)	(11,296,665)	(20,109,636)	-	(46,855,647)
Long-term liabilities applicable to the Foundation's governmental fund activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are in the combining statement of financial position					
Accrued interest payable - short term position	43,614	53,407	86,688	-	183,709
Bonds payable - short term portion	305,000	295,000	230,000	-	830,000
Bonds payable - long term portion	12,578,932	15,109,816	21,106,600	-	48,795,348
Compensated absences- short term	40,975	43,766	-	-	84,741
Compensated absences- long term	13,658	14,589	-	-	28,247
Total Fund Balance at June 30, 2023	<u>\$ 5,539,865</u>	<u>\$ 3,893,368</u>	<u>\$ 7,131,489</u>	<u>\$ 21,671</u>	<u>\$ 16,586,393</u>

Lake Charles Charter Academy Foundation, Inc.
Combining Statement of Activities to Change in Fund Balance Reconciliation
June 30, 2023

	<u>Lake Charles Charter Academy</u>	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Combining Total</u>																														
Changes in Net Assets Reported on the Combining Statement of Activities and Change in Net Assets	\$ 801,520	1,714,432	(147,528)	(176)	\$ 2,368,248																														
<p>Amounts reported for the financial statements in the combining statement of activities are different due to the following:</p> <p>Fund balance reports capital outlays as expenditures. However, in the combining statement of activities and changes in net assets the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 40px;">Capital outlays capitalized</td> <td style="text-align: right;">(685,512)</td> <td style="text-align: right;">(999,674)</td> <td style="text-align: right;">(157,479)</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(1,842,665)</td> </tr> <tr> <td style="padding-left: 40px;">Depreciation and amortization expense for 2023</td> <td style="text-align: right;">930,607</td> <td style="text-align: right;">607,358</td> <td style="text-align: right;">914,825</td> <td style="text-align: center;">-</td> <td style="text-align: right;">2,452,790</td> </tr> </table> <p>The issuance of long-term debt provides current financial resources to fund balance. In the Statement of Activities and Changes in Net Assets however, issuing debt increases long-term liabilities and does not affect the Statement of Activities.</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 40px;">Principal payments on leases payable</td> <td style="text-align: right;">(285,000)</td> <td style="text-align: right;">(275,000)</td> <td style="text-align: right;">(2,435,000)</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(2,995,000)</td> </tr> <tr> <td style="padding-left: 40px;">Change in accrued interest payable</td> <td style="text-align: right;">(1,820)</td> <td style="text-align: right;">(1,405)</td> <td style="text-align: right;">(12,420)</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(15,645)</td> </tr> </table> <p>Expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in fund balance.</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 40px;">Change in compensated absences liability</td> <td style="text-align: right;">(5,673)</td> <td style="text-align: right;">26,199</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">20,526</td> </tr> </table>						Capital outlays capitalized	(685,512)	(999,674)	(157,479)	-	(1,842,665)	Depreciation and amortization expense for 2023	930,607	607,358	914,825	-	2,452,790	Principal payments on leases payable	(285,000)	(275,000)	(2,435,000)	-	(2,995,000)	Change in accrued interest payable	(1,820)	(1,405)	(12,420)	-	(15,645)	Change in compensated absences liability	(5,673)	26,199	-	-	20,526
Capital outlays capitalized	(685,512)	(999,674)	(157,479)	-	(1,842,665)																														
Depreciation and amortization expense for 2023	930,607	607,358	914,825	-	2,452,790																														
Principal payments on leases payable	(285,000)	(275,000)	(2,435,000)	-	(2,995,000)																														
Change in accrued interest payable	(1,820)	(1,405)	(12,420)	-	(15,645)																														
Change in compensated absences liability	(5,673)	26,199	-	-	20,526																														
Change in Fund Balance	<u>\$ 754,122</u>	<u>\$ 1,071,910</u>	<u>\$ (1,837,602)</u>	<u>\$ (176)</u>	<u>\$ (11,746)</u>																														

SUPPLEMENTAL INFORMATION



Lake Charles Charter Academy Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:				
U.S. Department of Agriculture -				
Passed through the Louisiana Department of				
Agriculture -				
National School Lunch Program	10.555	-	\$ 1,053,056	\$ -
National School Breakfast Program	10.553	-	332,731	-
Total U.S. Department of Agriculture and Total Child Nutritional Cluster			<u>1,385,787</u>	<u>-</u>
U.S. Department of Education -				
Passed through the Louisiana Department				
of Education -				
Title I Grants to Local Educational Agencies	84.010	-	1,392,141	-
Redesign Planning Grant 1003a	84.010	-	139,454	-
Total 84.010			<u>1,531,595</u>	<u>-</u>
Supporting Effective Instruction State Grant	84.367	-	190,410	-
Special Education - Grants to States	84.027	-	562,827	-
English Language Acquisition State Grants	84.365	-	14,158	-
Rural Education Achievement Program	84.358B	-	3,331	-
Student Support and Academic Enrichment	84.424	-	74,184	-
Education Stabilization Fund Under The Coronavirus Aid, Relief and Economic Security Act	* 84.425D	-	1,940,868	-
	* 84.425U	-	3,631,962	-
Total 84.425			<u>5,572,830</u>	<u>-</u>
Total U.S. Department of Education			<u>7,949,335</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

Lake Charles Charter Academy Foundation, Inc.
Schedule of Expenditures of Federal Awards
(Continued)
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Emergency Management Agency - Passed through Louisiana Governor's Office of Homeland Security & Emergency Management - Disaster Grants - Public Assistance	97.036	-	<u>1,898,398</u>	<u>-</u>
Total Federal Emergency Management Agency			<u>1,898,398</u>	<u>-</u>
Total expenditures of Federal Awards			\$ <u><u>11,233,520</u></u>	\$ <u><u>-</u></u>

* Denotes COVID-19 funding

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the Foundation for the year ending 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 Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Foundation did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Contingency

The grants and contracts revenue received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Foundation. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable Federal and state and other applicable regulations.

Lake Charles Charter Academy Foundation, Inc.
Schedule of Board of Directors
June 30, 2023

<u>Board Members</u>	<u>Compensation</u>
Judge Ulysses Gene Thibodeaux, President	\$ 0
Ms. Rebecca Boniol, Vice President	\$ 0
Mr. Clyde Mitchell, Secretary and Treasurer	\$ 0
Ms. Phyllis Kittling, Trustee	\$ 0
Ms. Nora Papillion, Trustee	\$ 0
Ms. Sylvia Stelly, Trustee	\$ 0
Mr. Charles Honore, Trustee	\$ 0
Mr. Ron Richard, Trustee	\$ 0
Ms. Lorette Bass, Trustee	\$ 0
Mr. Wade Rouse, Trustee	\$ 0

**Lake Charles Charter Academy Foundation, Inc.
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2023**

Agency Head: Judge Ulysses Gene Thibodeaux, President

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

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

INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of Lake Charles Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

CPAs + Trusted Advisors

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation’s combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the combined 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2023-002.

Foundation’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Foundation’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and , accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 22, 2024

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

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Charles Charter Academy Foundation, Inc. (a not-for-profit organization) (the "Foundation") 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 the Foundation's major federal programs for the year ended June 30, 2023. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards, and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Foundation'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 the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Foundation'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.

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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 22, 2024

**Lake Charles Charter Academy Foundation, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023**

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

 X yes no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

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

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major federal program:

CFDA No.

Federal Programs

84.425 United States Department of Education -
 Education Stabilization Fund Under the
 Coronavirus Aid, Relief and Economic Security Act

97.036 Federal Emergency Management Agency
 Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

SECTION II - FINANCIAL STATEMENTS FINDINGS

Finding 2023-001 - Internal Control over Financial Statement Preparation

Criteria: The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the financial statements, which for the Foundation, is that the financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: As part of the audit process, we assist management in drafting the financial statements and related notes for the year-end audit from a client provided trial balance. We noted, as part of the audit process, significant adjustments were necessary to correct the year end balances for certain accounts on the statement of net position of the Foundation. These accounts included cash, grants receivable, fixed assets, bonds payable and accrued liabilities. These adjustments also impacted the statement of activities. Reclassifications were also necessary for proper presentation of federal and state revenues. Because of these items there is an indication that the internal controls over year- end GAAP financial statements of the Foundation is not sufficient.

Cause: Insufficient internal review of account balances and reconciliations by accounting personnel of CSUSA and Crossmark Management Group allowed errors to exist in the trial balance and go undetected prior to being subjected to audit procedures.

Effect: The Foundation has a material weakness in their internal control over financial reporting, which could lead to errors in the financial statements.

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

Management's Response: Management agrees with the finding. See corrective action plan attached.

Finding 2023-002 - Noncompliance with State Audit Law

Criteria: In accordance with R.S. 24:513, the Foundation must have their financial statements audited in a timely manner. The due date of the audited financial statements is six months after the Foundation's fiscal year end.

Condition: The Foundation was required to have an audit completed by the filing deadline of December 31, 2023 (six months after its fiscal year end) and the Foundation did not meet this filing deadline.

Cause: The Foundation did not provide requested documentation necessary for audit completion within the deadline.

Effect: Noncompliance with state audit law could result in withholding of grant funding, which is imperative to the operations of the Foundation.

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

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Management’s Response: Management agrees with the finding. See corrective action plan attached.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2023-003 - Preparation of Schedule of Expenditures of Federal Awards

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund Under the Coronavirus Aid Relief and Economic Security Act
97.036	Disaster Grants - Public Assistance

Questioned Costs: N/A

Criteria: The Uniform Guidance Subpart F section 200.510 requires the preparation of the Schedule of Expenditures of Federal Awards (SEFA) that includes an accurate reporting of federal awards expended based on the terms and conditions of the grants. In order for the SEFA to be prepared accurately and properly report the amounts expended for federal awards, a system of controls should be in existence that includes the timely preparation and review of the amounts reported on the SEFA.

Universe/Population Size: None

Sample Size: None

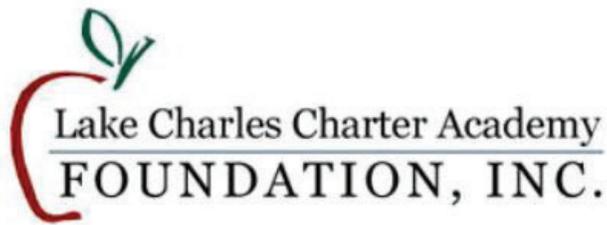
Condition: The initial SEFA prepared by the Foundation’s personnel did not reconcile the federal expenditures reported on the SEFA to the federal revenue received by granting agency.

Effect: The SEFA provided to us did not contain the correct amounts of federal expenditures which is the basis used to determine the major federal programs to be audited in a fiscal year. Inaccurate reporting may result in improper auditing of the wrong federal programs in any given year and non-compliance with federal regulations.

Cause: The Foundation receives multiple sources of revenues, including both federal and state, which fund the costs of the charter schools. The classification of program revenue and therefore federal expenditures was not accurate and not detected during internal review, which resulted in errors on the initial SEFA.

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

Management’s Response: Management agrees with the finding. See corrective action plan attached.



January 22, 2024

Management Corrective Action Plan to Audit Findings for the year ended June 30, 2023

FINDINGS - FINANCIAL STATEMENT AUDIT

2023-001 Internal Control over Financial Statement Preparation

We continually strive to improve the quality of our financial information that is shown in our financial statements. In order to help accomplish this goal, we have instituted the following improvements: (1) Members of our Accounting Management will conduct monthly reviews with each school's accountant to address corrections before each month's close, (2) Year-end audited adjusted financial statements tie out to the ending net assets in NetSuite, (3) School Controller/Assistant Controller will be making quarterly site visits to ensure that the accountants are audit ready or need additional support, (4) Additional training will be provided to accountants/manager to strengthen the areas of timeliness of financial report completion, accuracy of financial information, and audit preparation.

2023-002 Non-compliance with State Audit Law

We continually strive to have our audits completed within the time period established by the Louisiana Legislative Auditors Office. As part of our audit process for next year, we will be establishing a timeline that will allow us to begin our audit process earlier and by having our staff prepared to provide requested information to the auditors.

DocuSigned by:
Mark Gamble

50B2F532CCD34B7

Mark W. Gamble, State Financial Director

DocuSigned by:
Myrna Laine Hyppolite

22A1B73559B4400

Myrna Laine-Hyppolite, SVP, Finance and Accounting

January 22, 2024



January 22, 2024

Management Corrective Action Plan to Audit Findings for the year ended June 30, 2023

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2023-003 - Preparation of Schedule of Expenditures and Federal Awards

Assistance Listing Number, Name of Federal Program or Cluster
84.425 Education Stabilization Fund Under the Coronavirus aid, Relief and Economic Security Act
97.036 Disaster Grants - Public Assistance

We continually strive to improve the quality of our grant process by implementing additional procedures that we believe will enhance the accuracy and timeliness of our grant accounting and reimbursements. Some of these procedures consist of the following: (1) Regular monthly grant reviews with the review comments for corrections of each SOA/school before the accountants monthly close by assigning reviewers (Grant Coordinator, Grant Administrator, Grant Manager, Treasury, Accountant and Assistant Controllers), (2) Each SOA is tasked with reviewing reimbursements prior to submitting for payments to ensure accuracy. Grant Coordinator is tasked with overseeing each SOA/School by ensuring expenditures are coded correctly and payments received correctly, this will ensure audit readiness, (3) Grant Coordinator, Grant Liaison, Grants Manager monitor all reimbursement claims in Power BI, (4) The treasury team is tasked to identify payments in a timely fashion to ensure payments are posted correctly to NetSuite by the accountant, (5) The grants team will hold quarterly meetings to resolve any grant concerns that may require feedback from Accounting:

Our objective is to strengthen our teams across the board by:

- a. Communication
- b. Timeliness
- c. Accuracy
- d. Audit Preparedness
- e. Follow up

We anticipate that our additional procedures will aid our efforts to improve the accuracy and timeliness of our grant accounting and reimbursements.

DocuSigned by:

Mark Gamble

5883E593C6D2407

Mark W. Gamble, State Financial Director

DocuSigned by:

Myrna Laine Hyppolite

8241B73566D4400

Myrna Laine-Hyppolite, SVP, Finance and Accounting

January 22, 2024

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

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Lake Charles Charter Academy Foundation, Inc. for the fiscal 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. Management of the Lake Charles Charter Academy Foundation, Inc. is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

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

No exceptions noted.

Class Size Characteristics (Schedule 2)

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

No exceptions noted.

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

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

No exceptions noted.

Public School Staff Data: Average Salaries (No Schedule)

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

No exceptions noted.

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

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

Lake Charles Charter Academy Foundation, Inc.

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 Lake Charles Charter Academy Foundation, Inc., as required by Louisiana Revised Statute 24:514.I, 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.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 22, 2024

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

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

Schedule 2 Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

**Lake Charles Charter Academy Foundation, Inc.
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2023**

Schedule 1

**General Fund Instructional
 and Equipment Expenditures:**

General Fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 5,537,961	
Other instructional staff activities	2,031,759	
Instructional staff employee benefits	1,717,364	
Purchased professional and technical services	200,732	
Instructional materials and supplies	279,732	
Instructional equipment	<u>289,505</u>	

Total teacher and student interaction activities		\$ 10,057,053
--	--	---------------

Other instructional activities	227,987	227,987
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Pupil support activities	542,698	
Less: equipment for pupil support activities	<u>-</u>	

Net pupil support activities		542,698
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Instructional staff services	705,485	
Less: equipment for instructional staff services	<u>-</u>	

Net instructional staff services		705,485
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School administration	1,304,715	
Less: equipment for school administration	<u>-</u>	

Net school administration		<u>1,304,715</u>
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Total General Fund instructional expenditures		\$ <u><u>12,837,938</u></u>
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Total General Fund equipment expenditures		\$ <u><u>289,505</u></u>
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See independent accountant's report on applying agreed-upon procedures.

**Lake Charles Charter Academy Foundation, Inc.
 General Fund Instructional and Support Expenditures
 And Certain Local Sources
 (continued)
 For the Year Ended June 30, 2023**

Schedule 1 (continued)

Certain Local Revenue Sources:

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

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

Lake Charles Charter Academy Foundation, Inc.
 Class Size Characteristics
 As of October 1, 2022

Schedule 2

	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
School Type:								
Elementary	18%	176	28%	268	13%	121	5%	47
Elementary/activity classes	2%	14	4%	38	1%	14	1%	12
Middle/Junior High	-	-	-	-	-	-	-	-
Middle/Junior High activity classes	-	-	-	-	-	-	-	-
High	14%	139	8%	80	2%	22	-	-
High activity classes	3%	30	1%	6	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination activity classes	-	-	-	-	-	-	-	-

NOTE: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades kindergarten through 3 is 26 students and maximum enrollment in grades 4 through 12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

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

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES



INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Foundation's management is responsible for those C/C areas identified in the SAUPs.

The Foundation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in 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

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

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

Comment: No findings were identified. Ethics, Debt Service, and Sexual Harassment were not tested as the Foundation is a non-profit.

Board or Finance Committee

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

Comment: No findings were identified.

Bank Reconciliations

- 3) We obtained a listing of Foundation bank accounts for the fiscal year from management and management's representation that the listing is complete. We asked management to identify the Foundation's main operating account. We selected the Foundation's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b) Bank reconciliations included written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management had documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Comment: No findings were identified.

Collections (excluding electronic funds transfers)

- 4) We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete.
- 5) We randomly selected five deposits sites (or all deposit sites if less than 5). For each deposit site selected, we obtained and inspected written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6) We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed the bond or insurance policy for theft was enforced during the fiscal period.
- 7) We randomly selected two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits, and:
 - a) Observed that receipts were sequentially pre-numbered.

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Traced the deposit slip total to the actual deposit per the bank statement.
- d) Observed whether the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Traced the actual deposit per the bank statement to the general ledger.

Comment: In testing, we discovered that certain deposit component items had been collected as many as one hundred twenty two days prior to depositing in to the bank account. This pattern for the period between collection and depositing seemed to be unpredictable, and in some instances, was short as zero days.

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

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

- b) Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- 11) Using the 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.

Comment: No findings were identified.

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

- 12) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
- 13) Using the listing prepared by management, we randomly selected 5 cards (or all cards if the Foundation has less than 5 cards) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), obtained supporting documentation, and:
- a) Observed whether there was evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
- 14) Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions.
- a) For each transaction, we observed whether the transaction was supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased)
 - ii. Written documentation of the business/public purpose
 - iii. For meal charges, documentation of the individuals participating

Comment: No findings were identified.

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

- 15) We obtained from management a listing of all travel and related expense reimbursements during the fiscal period and management representation that the listing or general ledger was complete. We randomly selected 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Comment: No findings were identified.

Contracts

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

Comment: No findings were identified.

Payroll and Personnel

- 17) We obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- 18) We randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, we obtained attendance records and leave documentation for the pay period, and:
 - a) Observed whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observed whether supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Observed whether any leave accrued or taken during the pay period was reflected in the Foundation's cumulative leave records.
 - d) Observed whether the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.
- 19) We obtained from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Foundation's policy on termination payments. We agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to entity policy.
- 20) We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Comment: No findings were identified.

Ethics

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

Comment: Not applicable as the Foundation is a non-profit.

Debt Service

- 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- 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).

Comment: Not applicable as the Foundation is a non-profit.

Fraud Notice

- 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 Foundation reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Foundation is domiciled as required by R.S. 24:523.
- 26) Observe the Foundation has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Comment: No findings were identified.

Information Technology Disaster Recovery/Business Continuity

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

- 28) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19.
- a) Observed evidence that the selected terminated employees have been removed or disabled from the network.

Comment: Discussed the results with management.

Prevention of Sexual Harassment

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

Comment: Not applicable. Charter schools are exempt from R.S. 42:431.

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

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

Lake Charles Charter Academy Foundation, Inc.

The purpose of this report is 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.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 22, 2024



January 22, 2024

Management Response to Collections Comment in the SAUP Results

We strive for our internal control policies to be followed as much as possible. We have strengthened our commitment to this statement earlier this year with the hiring of an Internal Auditor. This person has already found and addressed several areas where adherence to our internal control policies were not being followed properly at our schools. We will have discussions with the school leadership and the School Operations Administrator that will address the importance of making bank deposits on a timely basis and other policies regarding cash management at their school. We will continue to monitor this issue at these schools and will work with the School Operations Administrator to ensure that this policy is being followed.

DocuSigned by:

Mark Gamble

Mark W. Gamble, State Financial Director

DocuSigned by:

Myrna Laine Hyppolite

Myrna Laine-Hyppolite, SVP, Finance and Accounting

January 22, 2024