

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Consolidated Financial Report

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Outreach Community Development Corporation
d/b/a J.S. Clark Leadership Academy
Opelousas, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Outreach Community Development Corporation, d/b/a J.S. Clark Leadership Academy (the Academy) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Academy 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 28, 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Academy's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

December 18, 2023

CONSOLIDATED FINANCIAL STATEMENTS

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Consolidated Statement of Financial Position
June 30, 2023

ASSETS

CURRENT ASSETS	
Cash	\$ 2,187,864
Receivables:	
Federal grants	617,984
Other	150,000
Prepaid items	<u>76,410</u>
Total current assets	3,032,258
PROPERTY AND EQUIPMENT, NET	<u>1,726,025</u>
TOTAL ASSETS	<u><u>\$ 4,758,283</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 65,578
Funds held in custody for others	11,968
Accrued payroll and related liabilities	34,823
Accrued compensated absences payable	29,105
Current portion of finance lease obligations	11,332
Current portion of long-term debt	<u>118,021</u>
Total current liabilities	<u>270,827</u>
LONG-TERM LIABILITIES	
Finance lease obligations, net of current portion	29,082
Long-term debt, net of current portion	<u>597,138</u>
Total long-term liabilities	<u>626,220</u>
Total liabilities	897,047
NET ASSETS	
Without donor restrictions:	
Available for operations	2,890,784
Invested in property and equipment, net of related debt	<u>970,452</u>
Total net assets	<u>3,861,236</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,758,283</u></u>

The accompanying notes are an integral part of this statement.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Consolidated Statement of Activities
Year Ended June 30, 2023

NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUES AND SUPPORT	
Minimum Foundation Program	\$ 3,273,123
Contributions	11,527
Other	<u>211,066</u>
Total revenues and support without donor restrictions	3,495,716
Net assets released from donor restrictions	<u>2,605,915</u>
TOTAL REVENUES, SUPPORT AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>6,101,631</u>
EXPENSES	
Program services:	
Instructional	2,879,803
Non-instructional	528,276
Support services:	
Management and general	<u>1,488,070</u>
TOTAL EXPENSES	<u>4,896,149</u>
Increase in net assets without donor restrictions	<u>1,205,482</u>
NET ASSETS WITH DONOR RESTRICTIONS	
REVENUES AND SUPPORT	
Federal grants:	
21st Century Community Learning Center	613,914
Achieve! ESSER II	361,994
Achieve! ESSER II Incentive	3,023
Achieve! ESSER III	464,859
Achieve! ESSER III Incentive	1,185
Achieve! ESSER III Intervention	105,833
Achieve! Homeless ARP	1,892
Achieve! IDEA 611 ARP	14,422
CLSD 9-12	55,381
IDEA - Part B	59,858
IDEA - Setaside	8,923
Jobs for Americas Graduates	120,720
LDH Safer Smarter Schools	43,500
National School Lunch Program	342,375
Redesign 1003 (a)	103,337
Title I Grants to Local Educational Agencies	142,372
Title II Supporting Effective Instruction State Grants	23,828
Title IV Student Support and Academic Enrichment	11,167
State grants:	
Education Excellence	5,130
Uniforms and fees	<u>122,202</u>
TOTAL REVENUES AND SUPPORT WITH DONOR RESTRICTIONS	2,605,915
Net assets released from donor restrictions	<u>(2,605,915)</u>
Change in net assets with donor restrictions	<u>-</u>
INCREASE IN NET ASSETS	1,205,482
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>2,655,754</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,861,236</u>

The accompanying notes are an integral part of this statement.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Program Services</u>		<u>Support Services</u>	<u>Total</u>
	<u>Instructional</u>	Non- <u>instructional</u>	<u>Management and General</u>	
Salary	\$ 1,549,593	\$ 78,371	\$ 729,869	\$ 2,357,833
Payroll taxes	126,750	4,588	49,485	180,823
Employee benefits	121,949	-	92,811	214,760
Technical and professional services	261,737	72,833	121,737	456,307
Materials and supplies	443,599	-	56,567	500,166
Food services	-	292,266	-	292,266
Depreciation	-	-	68,183	68,183
Transportation	281,648	79,291	-	360,939
Insurance	-	-	141,913	141,913
Small tools and equipment	60,816	-	33,298	94,114
Travel	16,942	-	10,264	27,206
Repairs and maintenance	10,658	-	42,905	53,563
Rent	-	-	3,233	3,233
Postage, internet and telephone	-	-	18,391	18,391
Interest	-	-	22,955	22,955
Utilities	-	-	56,649	56,649
Other and miscellaneous	6,111	927	39,810	46,848
	<u>\$ 2,879,803</u>	<u>\$ 528,276</u>	<u>\$ 1,488,070</u>	<u>\$ 4,896,149</u>

The accompanying notes are an integral part of this statement.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY

Consolidated Statement of Cash Flows
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 1,205,482
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	68,183
(Increase) decrease in-	
Federal grants receivable	(305,231)
Other receivables	761,399
Prepaid expenses	6,952
Increase (decrease) in -	
Accounts payable	48,538
Funds held in custody for others	(6,500)
Accrued payroll and related liabilities	(79,880)
Prior period adjustment for accrued payroll	45,916
Accrued compensated absences	<u>5,007</u>
Net cash provided by operating activities	1,749,866
CASH FLOWS FROM INVESTING ACTIVITIES	
Construction in progress	<u>(864,883)</u>
Net cash used by investing activities	(864,883)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on finance lease obligations	(21,416)
Principal payments on long-term debt	<u>(57,190)</u>
Net cash provided by financing activities	<u>(78,606)</u>
Net increase in cash	806,377
Cash at beginning of year	<u>1,381,487</u>
Cash at end of year	<u><u>\$ 2,187,864</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	<u><u>\$ 22,955</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Outreach Community Development Corporation was incorporated in January 2006, as a non-profit corporation under the laws of the State of Louisiana. The Louisiana State Board of Elementary and Secondary Education (BESE) granted the Corporation a Type 2 Charter to operate J.S. Clark Leadership Academy (the Academy), pursuant to Louisiana Revised Statute 17:3971 et seq. The charter was initially valid through June 2017 and has been extended to June 2025. BESE is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at their expiration or terminate the contract prior to expiration. The Academy's mission is to develop young adults through Project-Based Learning. The Academy started the 2022-2023 school year with approximately 327 students.

The financial statements of the Academy are consolidated with the financial statements of Friends of JS Clark (Friends), collectively referred to as the "Organization". All material intercompany account balances and transactions have been eliminated.

Friends, a Type II supporting organization under Internal Revenue Code 509(a)(3), was formed in 2023 primarily to raise capital and issue bonds for construction of a new school building for the Academy.

Basis of Accounting

The accompanying consolidated financial statements of the Academy have been prepared on the accrual basis of accounting which follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification No. 958-205, Not-for-Profit Entities – Presentation of Financial Statements.

Under FASB ASC 958-205, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Academy and changes therein are classified and reported as follows:

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

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Academy did not have any donor restricted net assets at June 30, 2023.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

The Academy receives a significant portion of its revenue from the Louisiana State Department of Education and the United States Department of Education.

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

Revenue with and without Donor Restrictions

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

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

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Academy. The Academy receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statements of activities because the criteria for recognition under FASB ASC 958-605-25 have not been satisfied.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Income Tax Exemption

The Academy is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the Academy does not qualify as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. However, should the Academy engage in activities unrelated to its exempt purpose, taxable income could result. The Academy had no material unrelated business income for the fiscal year under audit. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Academy has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the requirements of ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements.

Fair Value of Financial Instruments

The Academy defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Academy's financial statements include cash and cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short-term maturity and characteristics of these instruments. None of the financial instruments are held for trading purposes.

Cash

For the purposes of the statement of cash flows, cash consists of cash on hand, demand deposit and savings accounts. The Academy typically maintains cash in local banks that may, at times, exceed Federal Deposit Insurance Corporation insurance limits of \$250,000. At June 30, 2023, the Academy had cash balances of \$1,718,591 that were uninsured. Management, however, believes the credit risk associated with these deposits is minimal.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are stated at the amount management expects to collect. Based on payment the nature of the receivables, management considers all amounts to be collectible; therefore, no allowance was considered necessary as of June 30, 2023.

Property and Equipment

All property and equipment are capitalized that have a cost or estimated cost of \$5,000 or more. Expenses for additions, major renewals, and betterments are capitalized. Expenses for maintenance and repairs are charged to expense as incurred. Donations of property and equipment are recorded as support at their estimated fair market value and are reported as without donor restrictions unless the donor has restricted the donated assets for a specific purpose. Property acquired with grant funds are disposed of in accordance with grantor requirements. Depreciation is computed using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	7 - 30
Furniture and equipment	3 - 7
Vehicles	5

Functional Allocation of Expenses

The Statement of Activities presents expenses of the Academy's operations functionally between instructional, non-instructional and management and general. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$2,181 for the fiscal year ended June 30, 2023.

Paid Time Off (PTO)

The Academy's PTO policy states instructional staff members can earn up to ten days of vacation and sick leave during the fiscal year, are not allowed to carryover unused vacation and sick days from year to year, and are not to be paid for unused vacation or sick days at employment termination. Therefore, no amounts have been accrued at year end related to instructional staff vacation and sick leave.

At June 30, 2023, the Academy had \$29,105 in accrued sick leave related to the Chief Executive Director, whose contract provides for payout of accrued sick leave upon termination.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of FASB ASC 842

Effective July 1, 2022, the Academy adopted FASB ASC 842, *Leases*. The new accounting standard requires the recognition on the balance sheet of right-of-use assets and lease liabilities for all leases having an original term of longer than twelve months. As allowed under the new accounting standard, the Academy also elected certain practical expedients provided by the new standard, including not recording an asset or liability for leases having a term of twelve months or less. The lease asset, if any, is reflected within other noncurrent assets, and the current and noncurrent portions of the lease liability are reflected within other liabilities and other noncurrent liabilities, respectively on the balance sheet.

The adoption, however, did not have a material impact on both the Academy's Balance Sheet and Statement of Activities.

Subsequent Events

Subsequent events were evaluated through December 18, 2023, which is the date the financial statements were available to be issued.

NOTE 2 AVAILABILITY AND LIQUIDITY

The following reflects the Academy's financial assets available for general use within one year as of June 30, 2023:

<u>Financial assets at year end:</u>	
Cash and cash equivalents	\$2,187,864
Federal grants receivable	<u>617,984</u>
Total financial assets	2,955,848
<u>Less: those unavailable for general expenditures</u>	
<u>within one year, due to:</u>	
Restricted for debt repayment	<u>(129,353)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$2,826,495</u>

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment acquired by the Academy are considered to be owned by the Academy. However, the State of Louisiana maintains the title to the property and equipment purchased in whole or in part under contracts/grants funded by the State of Louisiana. The State has the right to require the transfer of the property and equipment (including the title) to the State or to an eligible non-state party named by the State. Such transfer may occur at any time.

Property and equipment consisted of the following at June 30, 2023:

Assets not being depreciated:	
Land	\$ 90,000
Construction in progress	<u>864,883</u>
Total assets not being depreciated	954,883
Assets being depreciated:	
Building and improvements	1,097,250
Furniture and equipment	103,419
Finance lease right-of-use assets	358,422
Vehicles	<u>32,450</u>
Total assets being depreciated	1,591,541
Less accumulated depreciation	<u>(820,399)</u>
Assets being depreciated, net	<u>771,142</u>
Total assets, net	<u><u>\$ 1,726,025</u></u>

Total depreciation expense for the fiscal year ended June 30, 2023 was \$68,183.

As of June 30, 2023, the Academy had capitalized equipment acquired through finance leases with a cost of \$358,422 and corresponding accumulated depreciation of \$320,106. Depreciation expense for these assets was \$23,432 for the year. This depreciation is included in the calculation of depreciation expense. See Note 8 for additional information on these finance leases.

NOTE 4 FEDERAL GRANTS RECEIVABLE

Federal grants receivable consisted of the following at June 30, 2023:

U.S. Department of Agriculture:	
Passed through the Louisiana Department of Education	\$ 23,174
U.S. Department of Education:	
Passed through the Louisiana Department of Education	<u>594,810</u>
	<u><u>\$ 617,984</u></u>

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 5 FUNDS HELD IN CUSTODY

Collections from student activities are funds under the supervision of the Academy; however, these funds belong to the student body and are not available for use in operations. At June 30, 2023 the Academy held \$11,968 in an agency capacity.

NOTE 6 LINE OF CREDIT

The Academy has a variable interest rate (prime or 7.0%) revolving line of credit with a borrowing limit of \$220,000 and an outstanding balance of \$0 at June 30, 2023. The line of credit is payable on demand and is collateralized by the Academy's deposits held with the creditor's institution. The note was renewed on November 14, 2022 and set to mature on November 14, 2024.

NOTE 7 LONG-TERM DEBT

Long-term debt consisted of the following notes payable at June 30, 2023:

Note payable in the original amount of \$382,500, bearing interest at 4%, payable in monthly installments of \$2,840 through September 2019, and a balloon payment of \$282,613 in October 2019. The note was refinanced in January 2020 in the amount of \$276,813, bearing interest at 5.0%, payable in monthly installments of \$2,936 through December 2024, and a balloon payment of \$158,547 in January 2025. The mortgage is collateralized by real estate. \$ 197,275

Note payable in the original amount of \$70,000, bearing interest at 6.25%, payable in monthly installments of \$515 through September 2023. The note is collateralized by real estate. 61,617

On March 9, 2020, the Academy entered into a secured note payable with the U.S. Small Business Administration to fund a construction project. The note is in the original amount of \$854,400, bearing interest at 2.75%, payable in monthly installments of \$3,552 through February 2050. 456,267

715,159

Less current portion (118,021)

Long-term portion \$ 597,138

Maturities of long-term debt are as follows:

2024	\$	118,021
2025		202,603
2026		32,161
2027		33,057
2028		33,978
Thereafter		<u>295,339</u>

Total long-term debt \$ 715,159

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 8 LEASES

The Academy leases equipment under lease agreements with various expiration dates. Most leases include renewal options which can extend the lease term. The exercise of these renewal options is at the sole discretion of the Academy, and only lease options that the Academy believes are reasonably certain to exercise are included in the measurement of lease assets and liabilities. As the Academy's leases typically do not contain a readily determinable implicit rate, the Academy determines the present value of the lease liability using its incremental borrowing rate at the lease commencement date.

The following summarizes the line items on the balance sheet which include amounts for leases as of June 30, 2023:

Finance lease right-of-use assets	\$ 358,422
Less accumulated depreciation	<u>(320,106)</u>
Total finance lease right-of-use assets	<u><u>\$ 38,316</u></u>
Current portion of finance lease obligations	\$ 11,332
Finance lease obligations, net of current portion	<u>29,082</u>
Total finance lease liabilities	<u><u>\$ 40,414</u></u>

The Academy's lease costs recognized for the year ended June 30, 2023 consist of the following:

Amortization of ROU Assets - Finance Leases	\$ 23,432
Interest on Lease Liabilities - Finance Leases	<u>1,983</u>
Total Lease Cost	<u><u>\$ 25,415</u></u>

Other lease information for the year ended June 30, 2023 is as follows:

Finance Lease - Operating Cash Flows	\$ 1,983
Finance Lease - Financing Cash Flows	21,416
Weighted Average Lease Term - Finance Leases	4.3 years
Weighted Average Discount Rate - Finance Leases	3.93%

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 8 LEASES (CONTINUED)

The aggregate annual lease obligations as of June 30, 2023 are as follows:

	<u>Finance Leases</u>
2024	\$ 12,708
2025	9,435
2026	7,488
2027	7,488
2028	<u>6,864</u>
Total undiscounted lease obligations	43,983
Less: imputed interest	<u>(3,569)</u>
Present value of lease obligations	<u>\$ 40,414</u>

See Note 3 for the related property and equipment amounts.

NOTE 9 PRIOR PERIOD ADJUSTMENT

An error was noted during the current year related to the year ended June 30, 2022. A prior period adjustment was recorded in the amount of \$45,916 related to a salary accrual that should have been expensed in the year ended June 30, 2023 but instead was accrued/expensed in the year ended June 30, 2022. To correct this error, net assets at July 1, 2022 of \$2,609,838, as previously reported, have been increased by \$45,916 to \$2,655,754 as shown on the Consolidated Statement of Activities. \$45,916 is also shown on the Consolidated Statement of Cash Flows in the Operating Activities section.

NOTE 10 RETIREMENT PLAN

The Academy sponsors a 401(k) Plan which covers regular full-time employees of the Academy immediately upon employment. Participants are fully vested after three years of service. Employees may contribute up to the lesser of \$19,500 or 90% of includable compensation. Employer contributions are discretionary and amounted to \$24,628 for the year ended June 30, 2023.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Consolidated Financial Statements

NOTE 11 CONCENTRATIONS

The Academy receives the majority of its operating revenue from state and federal grants passed through the Louisiana Department of Education. The continuation of the Academy is contingent upon legislative appropriations or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriations for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract. The contract shall terminate on the date of the beginning of the first fiscal year of which the funds are not appropriated. The percentage of revenue and receivables from these sources are as follows:

	Revenue	Receivables
Minimum foundation program	54%	51%
Federal grants	41%	30%

NOTE 12 LEASE COMMITMENT

On August 1, 2022, the Academy entered into several operating lease agreements for student transportation with a third-party vendor. These lease agreements are payable in twelve monthly installments for the term of the leases. The agreements require the Academy to provide liability and physical damage insurance coverage of the leased assets (school busses). The monthly rent under these obligations is \$8,000. The total rent paid during the year ended June 30, 2023 was \$96,000. The agreement was renewed on August 1, 2023 under the same terms. Future minimum lease payments for the year ending June 30, 2023 amount to \$96,000.

NOTE 13 SUBSEQUENT EVENTS

Friends of J.S. Clark – Issuance of Bonds and New School Construction

On August 16, 2023, a public hearing was held by the Louisiana Public Facilities Authority discussing the issuance of bonds of which the proceeds of \$29 million will be loaned to Friend of J.S. Clark for the construction of a new school. Once the construction of the school is complete, Friends will lease the school to J.S. Clark Leadership Academy (the Academy).

Litigation Settlement

The Outreach Community Development Corporation was a defendant in a lawsuit arising from the acquisition of property and construction renovations related to the school gymnasium. The lawsuit was settled on October 20, 2023, and a settlement in the amount of \$150,000 was received by the Corporation. A receivable and other revenue of \$150,000 is recorded in the consolidated financial statements as of June 30, 2023.

SUPPLEMENTARY INFORMATION

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Year Ended June 30, 2023

Agency Head Name: Tiffanie Lewis

<u>Purpose</u>	<u>Amount</u>
Salary - Executive Director	\$ 154,330
Salary - Grant Administration	35,580
Salary - LDH Safer Smarter Schools	15,960
Salary - Achieve! ESSER III	11,460
Benefits - insurance	21,420
Benefits - dental	505
Benefits - vision	139
Benefits - long term disability	7,354
Benefits - retirement	4,347
Expense allowance	5,925
Travel allowance	4,725
Conference travel	<u>2,502</u>
Total	<u>\$ 264,247</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

OTHER LOCATIONS:

Eunice Morgan City Abbeville

Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Directors of
Outreach Community Development Corporation
d/b/a J.S. Clark Leadership Academy
Opelousas, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy (the Academy) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
December 18, 2023

Independent Auditor's Report on Compliance for each
Major Program and on Internal Control over Compliance
Required by the *Uniform Guidance*

The Board of Directors
Outreach Community Development Corporation
d/b/a J.S. Clark Leadership Academy
Opelousas, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy's (the Academy) 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 Academy's major federal programs for the year ended June 30, 2023. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
December 18, 2023

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program Name	Grantor Project Number	Assistance Listing Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Louisiana Department of Education:			
Child Nutrition Cluster - School Breakfast Program		10.553	108,985
Child Nutrition Cluster - School Lunch Program		10.555	164,478
Child Nutrition Cluster - School Snack Program		10.555	29,542
Total Child Nutrition Cluster			303,005
Child and Adult Care Food Program		10.558	18,091
Total U.S. Department of Agriculture			321,096
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed through the Louisiana Department of Education:			
477 Cluster - Temporary Assistance for Needy Families		93.558	120,720
Total U.S. Department of Health & Human Services			120,720
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Louisiana Department of Education:			
Special Education Cluster (IDEA)			
Individuals with Disabilities Education Act (IDEA) Part B 611	28-22-B1-vn	84.027A	59,858
Individuals with Disabilities Education Act (IDEA) Part B 611 ARP		84.027A	14,422
Individuals with Disabilities Education Act (IDEA) Setaside		84.027A	8,923
Total Special Education Cluster (IDEA)			83,203
Education Stabilization Fund Program:			
Emergency and Secondary School Emergency Relief Fund (ESSERF) - Incentive		84.425D	1,185
Emergency and Secondary School Emergency Relief Fund (ESSERF) - Intervention		84.425D	105,833
Emergency and Secondary School Emergency Relief Fund (ESSERF) - II		84.425D	361,993
Emergency and Secondary School Emergency Relief Fund (ESSERF) - II Incentive		84.425D	3,023
Emergency and Secondary School Emergency Relief Fund (ESSERF) - III Formula		84.425D	464,859
American Rescue Plan (ARP) Act - Achieve! Homeless		84.425D	1,892
Total Education Stabilization Fund Program			938,785
Title I Grants to Local Educational Agencies	28-22-T1-vn	84.010A	142,373
Title I Redesign 1003	28-21-RD-15	84.010	103,337
21st Century Community Learning Center	28-20-2C-49	84.287C	613,914
Title II Supporting Effective Instruction State Grants	28-21-50-vn	84.367A	23,828
Title IV Student Support and Academic Enrichment	28-22-71-vn	84.424A	11,167
Comprehensive Literacy Development (CLSD) 9-12		84.371C	55,381
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		93.323	43,500
Total U.S. Department of Education			2,015,488
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,457,304

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy (the Academy) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position or changes in net assets of the Academy.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 4 INDIRECT COST RATE

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

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2023

This section is not applicable for the year ended June 30, 2023.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2023

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy's financial statements as of and for the year ended June 30, 2023.

Deficiencies in Internal Control – Financial Reporting

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

Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Auditor's Report – Major Programs

An unmodified opinion has been issued on Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy's compliance with the requirements of its major programs as of and for the year ended June 30, 2023.

Risk Consideration

The Academy was considered a high-risk auditee for the year ended June 30, 2023.

Major Programs – Identification:

21st Century Community Learning Centers (21 st CCLC)	CFDA 84.287C
Education Stabilization Fund	CFDA 84.425D

Program Type Determination

The dollar threshold to distinguish between Type A and Type B programs was \$750,000 for the fiscal year ended June 30, 2023. The Academy had one Type A program for the year – the Education Stabilization Fund.

Deficiencies in Internal Control – Major Programs

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

Noncompliance – Major Programs

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

MANAGEMENT LETTER

A management letter was not issued for the fiscal year ended June 30, 2023.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule of Findings and Responses (Continued)
Year Ended June 30, 2023

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

This section is not applicable for the year ended June 30, 2023.

Part 3: Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended June 30, 2023.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2023

This section is not applicable for the year ended June 30, 2023.

**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 Directors of
Outreach Community Development Corporation
d/b/a J.S. Clark Leadership Academy
Opelousas, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Outreach Community Development Corporation d/b/a J.S. Clark Leadership Academy (the Academy) for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514.1. Management of the Academy is responsible for its performance and statistical data.

The Academy has agreed and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their 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, and
 - Nonpublic Transportation Revenue.

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

Exceptions Noted: None.

Class Size Characteristics (Schedule 2)

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

Exceptions Noted: None.

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

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

Procedures indicated testing a random sample of 25 teachers. However, the Academy only employed 20 teachers as of October 1, 2022; therefore, we tested the entire population.

Exceptions Noted: None.

Public School Staff Data: Average Salaries (No Schedule)

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

Procedures indicated testing a random sample of 25 teachers. However, the Academy only employed 20 teachers as of year-end; therefore, we tested the entire population.

Exceptions Noted: None.

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

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

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Academy, 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.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

December 18, 2023

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule 1 – General Fund Instructional and Support
Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2023

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 543,247	
Other Instructional Staff Activities	2,632	
Instructional Staff Employee Benefits	66,109	
Purchased Professional and Technical Services	58,782	
Instructional Materials and Supplies	70,716	
Instructional Equipment	<u>-</u>	
Total Teacher and Student Interaction Activities		\$ 741,486

Other Instructional Activities 238,562

Pupil Support Activities 14,623
 Less: Equipment for Pupil Support Activities -
 Net Pupil Support Activities 14,623

Instructional Staff Services -
 Less: Equipment for Instructional Staff Services -
 Net Instructional Staff Services -

School Administration 739,840
 Less: Equipment for School Administration -
 Net School Administration 739,840

Total General Fund Instructional Expenditures \$ 1,734,511

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Taxes	-
Debt Service Ad Valorem Taxes	-
Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes	-
Sales and Use Taxes	<u>-</u>
Total Local Taxation Revenue	<u><u>\$ -</u></u>

Local Earnings on Investments in Real Property:

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

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Tax	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u><u>\$ -</u></u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

Schedule 2 – Class Size Characteristics
As of October 1, 2022

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Elementary Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination	98.9%	87	0.0%	-	0.0%	-	1.1%	1
Combination Activity Classes	72.7%	16	4.5%	1	18.2%	4	4.5%	1

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the
Outreach Community Development Corporation
D/B/A J.S. Clark Leadership Academy
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 Outreach Community Development Corporation D/B/A J.S. Clark Leadership Academy (Academy's) management is responsible for those C/C areas identified in the SAUPs.

The Academy has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and do address the functions noted above.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
Written policies and procedures were obtained and do address the functions noted above.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Written policies and procedures were obtained and do address the functions noted above.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Written policies and procedures were obtained and do address the functions noted above.
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
Written policies and procedures were obtained and do address the functions noted above.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Written policies and procedures were obtained and do address the functions noted above.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and do address the functions noted above.
- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).
Written policies and procedures were obtained and do address the functions noted above.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.
Written policies and procedures were obtained and do address the functions noted above.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and do address the functions noted above.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Written policies and procedures were obtained and do address the functions noted above.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
This section is not applicable. The Academy is a nonprofit entity.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
No exceptions noted.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
The Academy reports on the nonprofit accounting model. Observed that the minutes referenced financial activity relating to public funds.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
Not applicable.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- Obtained listing of bank accounts from management and management's representation that the listing is complete.
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
No exceptions noted.
 - ii. Bank reconciliations include 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
No exceptions noted.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites and management's representation that the listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect 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 observe that job duties are properly segregated at each collection location such that

Obtained listing of collection locations from management and management's representation that the listing is complete.

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

No exceptions noted.

No exceptions noted.

- iii. Each employee responsible for collecting cash is not also 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; and

No exceptions noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Listing of locations that process payments and management's representation that the listing is complete was obtained.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
No exceptions noted.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
No exceptions noted.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
No exceptions noted.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
No exceptions noted.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
No exceptions noted.
- D. 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.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
Listing of active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing is complete was obtained.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
No exceptions noted.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and 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:

Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representations that the listing is complete.

- i. If reimbursed using a per diem, observe that 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);

No exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Not applicable.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

Not applicable.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Listing of employees and management's representation that the listing is complete was obtained. Authorized salaries/pay rates traced to personnel files without exception.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions noted.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service

- A. 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.

This section is not applicable. The Academy did not have any bond/notes and other debt instruments issued during the fiscal period.

- B. 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).

No exceptions noted.

12) Fraud Notice

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

No misappropriations of public funds or assets noted.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Fraud notice is posted on the Academy's premises and on their website.

13) Information Technology Disaster Recovery/Business Continuity

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

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

This procedure is not applicable since all of the Academy's software is web-based.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

This procedure is not applicable since all of the Academy's software is web-based.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

This procedure is not applicable since all of the Academy's software is web-based.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

The Academy is a nonprofit; therefore, this section of testing is not applicable.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

The Academy is a nonprofit; therefore, this section of testing is not applicable.

- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

The Academy is a nonprofit; therefore, this section of testing is not applicable.

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

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

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

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

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 18, 2023