

SLAUGHTER COMMUNITY CHARTER SCHOOL
FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Slaughter Community Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Slaughter Community Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Slaughter Community Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

The Performance and Statistical Data Agreed Upon Procedures are not a required part of the basic financial statements but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020, on our consideration of Slaughter Community Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Slaughter Community Charter School's internal control over financial reporting and compliance.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

September 23, 2020

**SLAUGHTER COMMUNITY CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 1,915,645	\$ 1,218,708
Accounts receivable, net	417,298	454,472
Other current assets	40,862	40,938
Total Current Assets	<u>2,373,805</u>	<u>1,714,118</u>
Property and Equipment		
Furniture and fixtures	118,156	118,156
Equipment	423,169	394,977
Buildings and land	9,157,400	9,157,400
Leasehold improvements	57,876	-
	<u>9,756,601</u>	<u>9,670,533</u>
Accumulated depreciation	(940,807)	(613,122)
Total Property and Equipment	<u>8,815,794</u>	<u>9,057,411</u>
Restricted cash	62,376	24,950
Total Assets	<u>\$ 11,251,975</u>	<u>\$ 10,796,479</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 12,589	\$ 40,170
Accrued payroll	259,461	207,706
Accrued liabilities	69,892	49,535
Current portion of long term debt - PPP	189,806	-
Current portion of long term debt - USDA	101,087	97,615
Total Current Liabilities	<u>632,835</u>	<u>395,026</u>
Long Term Liabilities		
PPP loan	235,994	-
USDA loan	7,535,000	7,636,157
	<u>7,770,994</u>	<u>7,636,157</u>
Total Liabilities	<u>8,403,829</u>	<u>8,031,183</u>
Net Assets		
Net assets without donor restrictions	2,784,338	2,765,296
Net assets with donor restrictions	63,808	-
Total Net Assets	<u>2,848,146</u>	<u>2,765,296</u>
Total Liabilities and Net Assets	<u>\$ 11,251,975</u>	<u>\$ 10,796,479</u>

See accompanying notes and independent auditors' report.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 3,446,614	\$ -	\$ 3,446,614
Federal grants	29,543	-	29,543
Contributions	5,640	92,000	97,640
Interest	9,506	-	9,506
Food service	31,444	-	31,444
Student activities	118,707	-	118,707
Athletic activities	103,010	-	103,010
Other income	36,958	-	36,958
Changes in net assets restrictions:			
Released from restrictions	28,192	(28,192)	-
Total Revenues	<u>3,809,614</u>	<u>63,808</u>	<u>3,873,422</u>
EXPENSES			
Program services	3,156,194	-	3,156,194
Management and general	634,378	-	634,378
Total Expenses	<u>3,790,572</u>	<u>-</u>	<u>3,790,572</u>
CHANGE IN NET ASSETS	19,042	63,808	82,850
Net assets - beginning of year	<u>2,765,296</u>	<u>-</u>	<u>2,765,296</u>
Net assets - end of year	<u>\$ 2,784,338</u>	<u>\$ 63,808</u>	<u>\$ 2,848,146</u>

See accompanying notes and independent auditors' report.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 3,132,858	\$ -	\$ 3,132,858
Federal grants	30,956	-	30,956
Contributions	145	50,000	50,145
Interest	9,985	-	9,985
Food service	41,935	-	41,935
Student activities	113,848	-	113,848
Athletic activities	145,055	-	145,055
Other income	17,659	-	17,659
Changes in net assets restrictions:			
Released from restrictions	368,915	(368,915)	-
Total Revenues	<u>3,861,356</u>	<u>(318,915)</u>	<u>3,542,441</u>
EXPENSES			
Program services	3,085,698	-	3,085,698
Management and general	623,649	-	623,649
Total Expenses	3,709,347	-	3,709,347
CHANGE IN NET ASSETS	152,009	(318,915)	(166,906)
Net assets - beginning of year	<u>2,613,287</u>	<u>318,915</u>	<u>2,932,202</u>
Net assets - end of year	<u>\$ 2,765,296</u>	<u>\$ -</u>	<u>\$ 2,765,296</u>

See accompanying notes and independent auditors' report.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDED JUNE 30, 2020**

	Program Services	Management & General	Total
Athletic activities	\$ 96,771	\$ 24,193	\$ 120,964
Curriculum materials and software	24,032	-	24,032
Depreciation	262,148	65,537	327,685
Employee benefits	534,779	22,354	557,133
Equipment and furniture	1,226	305	1,531
Food service	48,352	-	48,352
Insurance	64,714	11,604	76,318
Interest Expense	-	269,487	269,487
Janitorial	42,354	10,589	52,943
Legal	338	1,351	1,689
Payroll taxes	26,109	1,298	27,407
Professional development	32,770	-	32,770
Rent	15,418	3,855	19,273
Repairs and maintenance	36,182	9,045	45,227
Salaries	1,461,238	71,701	1,532,939
Student activities	87,070	21,767	108,837
Supplies	21,847	4,567	26,414
Technical and professional services	195,379	105,839	301,218
Telephone	8,650	2,162	10,812
Transportation	161,920	-	161,920
Utilities	34,897	8,724	43,621
	<u>\$ 3,156,194</u>	<u>\$ 634,378</u>	<u>\$ 3,790,572</u>

See accompanying notes and independent auditors' report.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDED JUNE 30, 2019**

	Program Services	Management & General	Total
Athletic activities	\$ 96,645	\$ 24,161	\$ 120,806
Curriculum materials and software	28,358	-	28,358
Depreciation	243,637	60,909	304,546
Employee benefits	538,152	25,139	563,291
Equipment and furniture	10,398	2,599	12,997
Food service	65,036	-	65,036
Insurance	49,591	11,108	60,699
Interest Expense	-	268,402	268,402
Janitorial	35,864	8,966	44,830
Legal	1,907	7,628	9,535
Payroll taxes	23,398	1,315	24,713
Professional development	34,283	-	34,283
Rent	11,494	2,874	14,368
Repairs and maintenance	30,242	7,561	37,803
Salaries	1,375,129	64,228	1,439,357
Student activities	89,730	22,433	112,163
Supplies	32,124	6,764	38,888
Technical and professional services	173,408	98,467	271,875
Telephone	7,678	1,919	9,597
Transportation	201,919	-	201,919
Utilities	36,705	9,176	45,881
	<u>\$ 3,085,698</u>	<u>\$ 623,649</u>	<u>\$ 3,709,347</u>

See accompanying notes and independent auditors' report.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 82,850	\$ (166,906)
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>		
Depreciation	327,685	304,546
(Increase) decrease in accounts receivable	37,174	(173,537)
(Increase) decrease in other current assets	76	(173)
Decrease in accounts payable	(27,581)	(18,178)
Increase in accrued payroll	51,755	15,711
Increase (decrease) in accrued liabilities	<u>20,357</u>	<u>(170,775)</u>
Total adjustments	409,466	(42,406)
Net cash provided by (used in) operating activities	<u>492,316</u>	<u>(209,312)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	<u>(86,068)</u>	<u>(984,659)</u>
Net cash used in investing activities	<u>(86,068)</u>	<u>(984,659)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on USDA loan	-	236,000
Payments on USDA loan	(97,685)	(63,428)
Draws on PPP loan	<u>425,800</u>	<u>-</u>
Net cash provided by financing activities	<u>328,115</u>	<u>172,572</u>
INCREASE (DECREASE) IN CASH	734,363	(1,021,399)
CASH, BEGINNING OF YEAR	<u>1,243,658</u>	<u>2,265,057</u>
CASH, END OF YEAR	<u>\$ 1,978,021</u>	<u>\$ 1,243,658</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	<u>\$ 250,926</u>	<u>\$ 249,500</u>
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	\$ 1,915,645	\$ 1,218,708
Restricted Cash - Reserve Fund	62,376	24,950
	<u>\$ 1,978,021</u>	<u>\$ 1,243,658</u>

See accompanying notes and independent auditors' report.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

1. Summary of Significant Accounting Policies

(a) Organization

Slaughter Community Charter School (the School) was incorporated on September 2, 2009 as a non-profit corporation under the laws of the State of Louisiana. The School operates under a charter in East Feliciana Parish that expires June 30, 2023 and may be renewed for successive periods by the East Feliciana School Board. The school has grades 7th through 12th.

(b) Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP) which passes through the East Feliciana Parish School Board. The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The School also receives federal and private sector funding. Federal funds are passed through the Louisiana Department of Education or the East Feliciana School Board. The allocation calculation is primarily based on the student enrollment at the School and is considered earned when received and is recognized as such.

The School also receives revenue in the form of student and athletic activities revenues. These revenues are collected from students who participate in social events and after school clubs. Additional revenue is received from patrons attending school sponsored sporting events. These funds are used to help cover the cost of hosting these events and provide compensation for teachers, chaperons, referees, or other personnel required to officiate or supervise these activities.

The School receives private funding in the form of contributions from various individuals and entities. Contributions are recognized when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The School does not have any activity that would give rise to variable consideration.

(d) Net Assets

The School reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met by either actions of the organization or the passage of time. Once the restrictions are met they are reclassified to net assets without donor restrictions. The School has \$63,808 and \$0 in net assets with donor restrictions as of June 30, 2020 and 2019, respectively.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

1. Summary of Significant Accounting Policies (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

(e) Recently Issued Accounting Standards

Effective July 1, 2019, the School adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." This ASU and all subsequently issued clarifying ASUs replaced most revenue recognition guidance in U.S. GAAP and addresses how an entity should recognize revenue derived from various contracts with customers that generate revenue, along with requiring additional disclosures related to the nature, amount, and timing of revenue and cash flows arising from contracts with customers. Primarily, the update requires the organization to evaluate the various performance obligations related to its contracts with customers, allocate the transaction price to the various performance obligations, and recognize revenue as performance obligations are satisfied. The standard was adopted using the modified retrospective method.

Effective July 1, 2019, the School adopted the requirements of the Financial Accounting Standard Board's (FASB) Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves the guidance for contributions received and contributions made, and provides guidance to organizations on how to account for transactions as contributions or exchange transactions. In addition, it clarifies whether a contribution is conditional.

The adoption of these standards did not result in any changes to beginning net assets at July 1, 2019. Based on the School's evaluation process and review of its grant contracts and contribution award documentation, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standards.

Effective July 1, 2019, the School adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

(f) Cash

Cash consists of bank deposits held with financial institutions and cash on hand.

(g) Accounts Receivable

Accounts receivable represent amounts due under the MFP or federal and state programs. The school provides an allowance for doubtful accounts based upon a review of outstanding amounts due, age of the balance, and likelihood of collectability. Any balances deemed uncollectible are charged against the allowance account. There was no allowance for doubtful accounts for the years ended June 30, 2020 and 2019.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

1. Summary of Significant Accounting Policies (continued)

(h) Functional Expenses

The School allocates its expenses on a functional basis between program service or general and administrative. Expenses that can be identified with the school curriculum are allocated directly according to their natural expense classification. Other expenses are allocated between program service and general and administrative based on management's estimate of time, percentage, or square footage used, among other factors.

(i) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The School files information returns in the U.S. federal jurisdiction and in various other states. The School is no longer subject to federal information return examinations by tax authorities for years before 2016.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Concentrations

The School receives the majority of its operating revenue from the State of Louisiana and East Feliciana Parish School Board in the form of Minimum Foundation program funding. The School also receives funding from federal and state agencies under various programs and private foundations. The percentage of revenue and receivables in excess of 10% from these sources is as follows:

2020	Revenue	Receivables
Minimum Foundation Program	89%	100%
2019	Revenue	Receivables
Minimum Foundation Program	88%	93%

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with two banks. Cash accounts held with each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Cash deposits in excess of FDIC insured limits at June 30, 2020 and 2019 were approximately \$1,720,271 and \$942,799, respectively. The School does not believe that it is exposed to any significant credit risk on uninsured amounts.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

3. Leases

The School has entered into a three year lease agreement for office equipment at a monthly rental amount of \$315. The school has the option to cancel this lease at any time with a thirty day notice. Total rental expense under this lease for the year ended June 30, 2020 and 2019 was \$19,193 and \$14,368, respectively.

4. Property and Equipment

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. The School capitalizes all expenditures of depreciable assets where cost exceeds \$500. Depreciation is computed using the straight line method and is provided over the estimated useful lives of the assets, which is generally three to thirty nine years.

All property and equipment purchased with Louisiana Department of Education funds are owned by the School. However, these assets would revert back to the Louisiana Department of Education should the charter not be renewed.

5. Compensated Absences

For those eligible the School will pay out a maximum of four days of unused vacation upon termination. At June 30, 2020 and 2019 there was a total of \$91,819 and \$27,767 accrued for unused vacation.

6. Retirement Plan

The School offers a retirement benefit plan with the Teacher's Retirement System of Louisiana (TRSL) for employees that are eligible to participate and operates as a defined benefit contribution pension plan. TRSL issues its own separate financial statements and supplementary information which are publicly available and can be obtained by writing or calling the plan.

Teachers' Retirement System of Louisiana
 Post Office Box 94123
 Baton Rouge, LA 70804-9123
 (225) 925-6446

Benefits vest after five years of service for participants age sixty or older and after 20 years of service for all other participants. Benefits under the plan are established and amended by state statute. Retirement benefits are based upon the employee's age, last three years of compensation, and the total number of years the participant was contributing to the TRSL. Once participants reach retirement age a total of eight different payout options are available. The plan also provides death and disability benefits for surviving spouses or disabled employees.

The School and all participating employees are required by state statute to contribute fixed percentages of employees' gross earnings to the pension plans. Current contribution rates for the plan are as follows:

	Employee	Employer
Fiscal Year 2019	8.00%	26.70%
Fiscal Year 2020	8.00%	26.00%

The School's contributions for the years ended June 30, 2020 and 2019 were \$359,679 and \$353,484, respectively.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

7. Commitments and Contingencies

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grant will not result in any disallowed costs.

The School has received funds from the United States Department of Agriculture for the purposes of the purchase of newly constructed school facilities. This loan is subject to audit or review for certain compliance and other requirements as outlined in the Uniform Guidance and the terms of the loan. Such audit or review could lead to reimbursement of funds or cancellation of the loan based on the number and severity of any noncompliance findings. It is the opinion of management that it is operating in compliance with the terms of the requirements as outlined in the Uniform Guidance and the terms of the loan and that any disallowed costs or noncompliance findings will be negligible, if any. As such, no provision has been recorded in the accompanying financial statements for any such contingencies.

8. Net Assets with Donor Restrictions

For the school years ended June 30, 2020 and 2019, the school received grants of \$92,000 and \$80,000, respectively, from the Pennington Foundation with the restriction that the funds be used for the School's permanent facility, wireless projector connectivity, outdoor fields, and Technology and Facility Improvements. During the years ended June 30, 2020 and 2019, the School spent \$28,192 and \$368,915, respectively, of the grants for its intended purpose leaving Net Assets with Donor Restrictions of \$0 at June 30, 2019, and \$63,808 at June 30, 2020.

9. USDA Loan

In FY18, the School paid their construction loan with funds from the United States Department of Agriculture (USDA) through the Rural Development program. This program is designed to help improve the economy and quality of life in rural America. Under this program, USDA promotes economic development by supporting loans to businesses through banks, credit unions and community-managed lending pools.

The total available funds under this Program were \$7,797,000 with the full amount having been advanced. Regular loan payments of principal and interest began on November 28, 2018. This loan is scheduled to be repaid over a period of 40 years at an interest rate of 3.50%. Obligations for this loan for the next five years and thereafter are as follows:

2020	\$	101,087
2021		104,682
2022		108,406
2023		112,261
2024		116,254
Thereafter		7,093,397
	\$	<u>7,636,087</u>

**SLAUGHTER COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

10. Liquidity and Availability of Financial Assets

The following reflects the School's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of a contractual or donor imposed restriction within one year of the statement of financial position date.

Financial Assets at Year End		
Cash	1,915,645	1,218,708
Accounts receivable	<u>417,298</u>	<u>454,472</u>
	2,332,943	1,673,180
Unavailable for General Expenditures		
Restricted cash - Reserve Fund	62,376	24,950
Net Assets with Donor Restrictions	<u>63,808</u>	<u>-</u>
Financial Assets Available For General Expenditures	<u><u>2,206,759</u></u>	<u><u>1,648,230</u></u>

As part of the School's liquidity management, excess cash is kept in a savings account that earns a modest rate of interest but can be accessed on demand to meet daily needs of the School.

11. PPP Loan

The School received additional federal funding in the form of forgivable SBA loan for the purpose of maintaining the School's staffing during the Covid-19 Pandemic of 2020. This funding was issued as a loan with stipulations that the loan would be forgivable up to the full amount of the loan if the funds were used for particular expenditures. No portion of this loan has been forgiven as of June 30, 2020. If the loan is not forgiven, it is payable over 2 years at 1% interest.

The balance due as of June 30, 2020 and 2019 was \$425,800 and \$0, respectively.

Future maturities for this note are as follows:

Fiscal Year 2021	\$ 189,806
Fiscal Year 2022	<u>235,994</u>
	<u><u>\$ 425,800</u></u>

12. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 23, 2020, which is the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

12. Subsequent Events (continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, the School is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

13. Restricted Cash

As part of the loan agreement with the USDA the School is required to establish and maintain a debt and maintenance service reserve fund. This reserve is to be funded by making a payment equal to 10% of the monthly note payment until the reserve reaches a balance of \$374,256. Restricted cash for the reserve fund consists of one bank account. The balance of the reserve fund as of June 30, 2020 and 2019 was \$62,376 and \$24,950, respectively.

14. Reclassification

Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.

**SLAUGHTER COMMUNITY CHARTER SCHOOL
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture:			
Community Facilities Loans and Grants	10.766	N/A	<u>7,733,772</u>
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	31,444
Total Child Nutrition Cluster			<u>31,444</u>
Total U.S. Department of Agriculture			<u><u>7,765,216</u></u>
U.S. Department of Education :			
Passed Through East Feliciana School Board			
Title I Grants to Local Educational Agencies	84.010	N/A	<u>29,543</u>
Total U.S. Department of Education			<u><u>29,543</u></u>
Total expenditures of federal awards			<u><u>\$ 7,794,759</u></u>

**SLAUGHTER COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal loan activity of Slaughter Community Charter School under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. Summary of Significant Accounting Policies

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

3. U.S. Department of Agriculture Loans

The expenditures noted above for Rural Development comprise the loan balance of \$7,733,772 as of June 30, 2020.

4. Indirect Cost Rate

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

**SLAUGHTER COMMUNITY CHARTER SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE SCHOOL LEADER
FOR THE YEAR ENDED JUNE 30, 2020**

School Leader	C. Ebey
Salary	\$ 93,996
Benefits - insurance	6,900
Benefits - retirement	24,493
	<hr/>
	\$ 125,389
	<hr/> <hr/>

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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

Board of Directors
Slaughter Community Charter School
Slaughter, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Slaughter Community Charter School (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Slaughter Community Charter School's financial statements are free of 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 Legislative Auditor as a public document.

Daigrepoint & Brian, APAC

Daigrepoint and Brian, APAC
Baton Rouge, LA

September 23, 2020

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

To the Board of Directors
Slaughter Community Charter School
Slaughter, LA

Report on Compliance for Each Major Federal Program

We have audited Slaughter Community Charter School (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Slaughter Community Charter School's major federal programs for the year ended June 30, 2020. Slaughter Community Charter School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Slaughter Community Charter School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Slaughter Community Charter School's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Slaughter Community Charter School's compliance.

Opinion on Each Major Federal Program

In our opinion Slaughter Community Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Slaughter Community Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Slaughter Community Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Slaughter Community Charter School's internal control over compliance.

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

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

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

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

September 23, 2020

**SLAUGHTER COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD ENDED JUNE 30, 2020**

We have audited the financial statements of Slaughter Community Charter School, as of June 30, 2020, and for the year then ended, and have issued our report thereon dated September 23, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance. Our audit of the financial statements as of June 30, 2020 resulted in an unqualified opinion.

Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control				
Material Weaknesses	Yes	_____	No	_____ X _____
Significant Deficiencies	Yes	_____	No	_____ X _____
Compliance				
Compliance Material to Financial Statements	Yes	_____	No	_____ X _____

B. Federal Awards

Internal Control				
Material Weaknesses	Yes	_____	No	_____ X _____
Significant Deficiencies	Yes	_____	No	_____ X _____
Type of Opinion on Compliance for Major Programs		Unmodified		
Are there findings required to be reported in accordance with the	Yes	_____	No	_____ X _____
Was there a management letter issued	Yes	_____	No	_____ X _____

C. Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster			
10.766	Community Facilities Loans and Grants			
Dollar threshold used to distinguish between Type A and Type B				\$ 750,000
Is the auditee a 'low risk' auditee as defined by the Uniform Guidance	Yes	_____ X _____	No	_____

Findings - Financial Statement Audit

There are no findings for the year ended June 30, 2020

Questioned Costs

There are no questioned costs for the year ended June 30, 2020

**SLAUGHTER COMMUNITY CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE PERIOD ENDED JUNE 30, 2019**

Summary of Prior Audit Findings

There were no prior year audit findings.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Slaughter Community Charter School
Slaughter, LA

We have performed the procedures enumerated below, which were agreed to by the management of Slaughter Community Charter School and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Slaughter Community Charter School for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Slaughter Community Charter School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

Procedure #1

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

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

Results of Procedure #1

In performing the testing on the sample of expenditures/revenues we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Class Size Characteristics (Schedule 2)

Procedure #2

We obtained a list of classes by school, school type, and class size as reported on the Schedule. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the Schedule.

Results of Procedure #2

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

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

Procedure #3

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

Results of Procedure #3

No differences were noted between the PEP data information provided and the information in the personnel files.

Public School Staff Data: Average Salaries (No Schedule)

Procedure #4

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

Results of Procedure #4

No differences were noted between the salary information reported on the PEP data report provided by management and the supporting records.

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

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

Daigrepoint & Brian, APAC

Daigrepoint & Brian
Baton Rouge, LA

September 23, 2020

SLAUGHTER COMMUNITY CHARTER SCHOOL
SLAUGHTER, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2020

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

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

Schedule 2 – Class Size Characteristics

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

Slaughter Community Charter School
Slaughter, LA

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2020

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$1,140,940	
Other Instructional Staff Activities	6,192	
Instructional Staff Employee Benefits	474,985	
Purchased Professional and Technical Services	44,227	
Instructional Materials and Supplies	240,356	
Instructional Equipment	59,409	
Total Teacher and Student Interaction Activities	<u> </u>	<u>\$1,966,109</u>
Other Instructional Activities		-
Pupil Support Activities	103,391	
Less: Equipment for Pupil Support Activities	<u> </u>	
Net Pupil Support Activities		103,391
Instructional Staff Services	44,939	
Less: Equipment for Instructional Staff Services	<u> </u>	
Net Instructional Staff Services		<u>44,939</u>
School Administration	369,237	
Less: Equipment for School Administration	<u> </u>	
Net School Administration		<u>369,237</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u><u>\$2,483,675</u></u>

**Slaughter Community Charter School
Slaughter, LA**

**Class Size Characteristics
As of October 1, 2019**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High			88%	28	6%	2	6%	2
Middle/Jr. High Activity Classes	25%	1	25%	1			50%	2
High	75%	50	24%	16			1%	1
High Activity Classes	72%	10	21%	3			7%	1
Combination								
Combination Activity Classes								

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