

SOPHIE B. WRIGHT CHARTER SCHOOL

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**SOPHIE B. WRIGHT CHARTER SCHOOL
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sophie B. Wright Charter School
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Sophie B. Wright Charter School (the School), a nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the School as of June 30, 2021, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Schools' financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying schedule of compensation, benefits, and other payments the agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 schedules required by Louisiana State Law, included as Schedules 1 through 2, 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 combining financial statements. We have applied certain limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
March 13, 2022

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 6,377,691
Cash Held for Others	265,140
Accounts Receivable	240,185
Prepaid Expenses and Other Assets	30,953
Total Current Assets	6,913,969

LONG-TERM ASSETS

Property, Plant, and Equipment, Net	682,109
Total Long-Term Assets	682,109

Total Assets	\$ 7,596,078
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 756,388
Amounts Held for Others	265,140
Total Current Liabilities	1,021,528

LONG-TERM LIABILITIES

Loan Payable	842,740
Total Long-Term Liabilities	842,740

NET ASSETS

Net Assets Without Restriction	5,731,810
Total Net Assets	5,731,810

Total Liabilities and Net Assets	\$ 7,596,078
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See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

REVENUES

State and Local Public School Funding	\$ 4,914,661
Federal Grants	1,037,486
Other Income	<u>1,039,305</u>
Total Revenues	<u>6,991,452</u>

EXPENSES

Program Services	5,171,504
Management and General	<u>1,218,783</u>
Total Expenses	<u>6,390,287</u>

CHANGE IN NET ASSETS WITHOUT RESTRICTION 601,165

Net Assets Without Restriction - Beginning of Year 5,130,645

NET ASSETS WITHOUT RESTRICTION - END OF YEAR \$ 5,731,810

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 2,753,856	\$ 583,359	\$ 3,337,215
Pension Expense	266,502	56,454	322,956
Other Employee Benefits	289,139	61,249	350,388
Payroll Taxes	180,122	38,156	218,278
Legal Expenses	-	34,190	34,190
Accounting Expenses	-	30,249	30,249
Instructional Materials	157,416	-	157,416
Other Fees for Services	450,395	33,720	484,115
Office Expenses	-	178,469	178,469
Occupancy Expenses	625,203	-	625,203
Travel Expenses	-	3,264	3,264
Conference and Meeting Expenses	7,579	-	7,579
Interest Expense	-	-	-
Depreciation Expense	131,847	-	131,847
Insurance Expense	42,303	18,669	60,972
Other Expenses	267,142	181,004	448,146
	<u>\$ 5,171,504</u>	<u>\$ 1,218,783</u>	<u>\$ 6,390,287</u>
Total Functional Expenses	<u>\$ 5,171,504</u>	<u>\$ 1,218,783</u>	<u>\$ 6,390,287</u>

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 601,165
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	131,847
Forgiveness of Debt	(842,740)
Change in Operating Assets:	
Accounts Receivable	221,687
Prepaid Expenses and Other Assets	45,743
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	313,613
Amounts Held for Others	(80,493)
Net Cash Provided by Operating Activities	390,822

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property, Plant, and Equipment	(125,499)
Net Cash Used by Investing Activities	(125,499)

CASH FLOWS from FINANCING ACTIVITIES

Proceeds from Loan Payable	842,740
Net Cash Provided by Financing Activities	842,740

NET CHANGE IN CASH AND CASH EQUIVALENTS

1,108,063

Cash and Cash Equivalents - Beginning of Year

5,534,768

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 6,642,831

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid for Interest During the Fiscal Year	\$ -
Forgiveness of Debt	\$ 842,740

CASH AND CASH EQUIVALENTS - END OF YEAR

Cash and Cash Equivalents	\$ 6,377,691
Cash Held for Others	265,140
Total	\$ 6,642,831

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Institute for Academic Excellence dba: Sophie B. Wright Charter School (the School) was granted a charter by the State Board of Elementary and Secondary Education in 2004 to promote excellence in a caring environment and to prepare each student, in a partnership with parents and the community, to be a lifelong self-directed learner in a diverse society.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

Net Asset Classes

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Contributions restricted by donors are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

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, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2021. Management believes that all receivables are fully collectible, therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000.

Compensated Absences

Teachers and staff are allowed a maximum of 10 cumulative sick and/or personal days per year. These days will not carry over to the next year, but may, at the discretion of the School's board of directors, be used for extended sick leave if an employee has a medical event that necessitates longer than 10 days of recovery, and permission is granted by the board of directors of the School. At the time of retirement, death, or termination, no monies will be owed or paid to an employee for accumulated sick days. If an employee leaves the Institute to continue in another public school system, the accumulated days on record will be transferred to that system upon resignation from the School.

Revenue Recognition

The School's primary sources of funding are through the State Public School Fund and federal grants, as well as private donations. Amounts received from the State Public School Fund are conditional and recognized as revenue by the School based on the enrollment of students. Federal grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, the School had \$2,980,481 in conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Other Revenue

Other revenue consists primarily of the principal amount of \$842,740 forgiven by the U.S Small Business Administration on a Paycheck Protection Program loan and transportation services for daily bus routes contracted to other schools. The performance obligation for transportation services is satisfied after the completion of each bus route; therefore, the revenue is recognized based on the standalone price of each performance obligation.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction. The statute of limitations for federal purposes is generally three years.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Evaluation of Subsequent Events

The School has evaluated subsequent events through March 13, 2022, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$6,617,876.

As part of the School's liquidity management plan, the School invests cash in excess of daily requirements in short term investments, CDs, and money market funds.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY PLANT AND EQUIPMENT

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

Machinery & Equipment	\$ 153,741
Band Uniforms	93,999
Technology Software	35,935
Vehicles	1,075,840
Accumulated Depreciation	<u>(677,406)</u>
Total	<u><u>\$ 682,109</u></u>

Depreciation expense for the year ended June 30, 2021 was \$131,847.

NOTE 5 PAYCHECK PROTECTION PROGRAM LOANS

The School obtained a loan in the amount of \$842,740 through the Paycheck Protection Program administrated by the U.S. Small Business Administration which is part of the Coronavirus Aid Relief and Economic Security Act. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing in 2021. Principal and interest payments will be required through the maturity date in 2022.

In 2021, the principal amount of \$842,740 was forgiven by the financial institution. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 PAYCHECK PROTECTION PROGRAM LOANS (CONTINUED)

The School obtained a second loan in the amount of \$842,740 through the Paycheck Protection Program administrated by the U.S. Small Business Administration which is part of the Coronavirus Aid Relief and Economic Security Act. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing in 2022. Principal and interest payments will be required through the maturity date in 2023.

NOTE 6 OPERATING LEASES

The School leases it facilities under several lease agreements where the last lease expires in June 30, 2024. Lease expense under these agreements for the year ended June 30, 2021 was \$343,323.

Future minimum lease payments are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 279,840
2023	279,840
2024	279,840
Total	<u>\$ 839,520</u>

NOTE 7 EMPLOYEE RETIREMENT

Defined Contribution Plan

The School offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. Employees are eligible to participate in the plan immediately upon hire. All participant contributions are 100% vested at the time of funding. Employer matching contributions, plus any earnings generated, are vested after five years of service. The Institute provides matching contributions of 4% of annual salary for 1 to 4 years of service and 7.5% of annual salary after five years of service. The School provides matching contributions of 10% of annual salary for the principal and assistant principal after five years of service.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Defined Contribution Plan (Continued)

Plan participants have the option of contributing funds before-tax (traditional) or after-tax (Roth), with a maximum annual contribution per participant of the lesser of \$17,500, or 100% of includible compensation. Participants over the age of 50 have the option to contribute an additional \$5,500 per year as a "catch-up" contribution. The School may match participant contributions equal to a discretionary percentage, as determined by the employer from year to year. Each participant must be employed on the last day of the contribution period to be considered eligible for matching contributions. The amount of employer contributions for the year ended June 30, 2021 was \$322,956.

NOTE 8 FUNDS HELD ON BEHALF OF OTHERS/DUE TO OTHERS

The School acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$265,140 at June 30, 2021, and are reported as both an asset (funds held on behalf of others) and a liability (due to others). Consequently, there is no effect on the Institute's net assets.

NOTE 9 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on time and effort include salaries and wages, pension expense, other employee benefits, and payroll taxes.

NOTE 10 CONTINGENCIES AND COMMITMENTS

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

The extent of the impact of COVID-19 on the operational and financial performance of the School will depend on certain developments, including the duration and spread of the outbreak, impact on state and federal funding, donors, employees and vendors; all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations of the School is uncertain.



**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***

Board of Directors
Sophie B. Wright Charter School
1426 Napoleon Ave
New Orleans, 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 Sophie B. Wright Charter School (the School), a nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated March 13, 2022.

Internal Control Over Financial Reporting

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

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 financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
March 13, 2022



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

Board of Directors
Sophie B. Wright Charter School
New Orleans, LA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Sophie B. Wright Charter School (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 of the School's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the 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 the 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 an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, yet important enough to merit attention by those charged with governance.

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

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



CliftonLarsonAllen LLP

Glendora, California
March 13, 2022

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A, Basic Grants
84.425C	Governor’s Emergency Education Relief (GEER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

There were no findings for the year ended June 30, 2021.

Section III – Federal Findings

There were no findings for the year ended June 30, 2021.

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

There were no findings for the year ended June 30, 2020.

SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Agency Head: Sharon Clark

Purpose	Amount
Salary	\$ 236,353
Benefits - Employer Portion of Retirement	4,083
Benefits - Employer Portion of Medical/Dental/Vision	12,424
Travel	-
Cell Phone Reimbursement	-
Reimbursements	-
Conferences	-
Benefits - FICA Medicare	12,986
Other Compensation-Bonus	-
Community Relations	-
Professional Development	-
Total	\$ 265,846

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FEDERAL EXPENDITURES
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Pass Through Program From Louisiana Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 321,707
Title II, Part A, Teacher Quality	84.367	14341	32,026
Title IV	84.287	N/A	28,631
Special Ed Cluster	84.027	N/A	104,683
Governor's Emergency Education Relief (GEER) Fund	82.425C	N/A	115,413
Elementary and Secondary School Emergency Relief (ESSER) Fund	82.425D	N/A	276,960
Teacher Incentive Fund	84.374A	N/A	<u>84,213</u>
Total U.S. Department of Education			<u>963,633</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Pass Through Program From Louisiana Department of Education:			
Child Nutrition Cluster	10.555	N/A	<u>73,853</u>
Total U.S. Department of Agriculture			<u>73,853</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 1,037,486</u></u>

N/A - Pass-through entity number not readily available or not applicable.

See accompanying Notes to Schedule of Federal Expenditures.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO THE SCHEDULE OF FEDERAL EXPENDITURES
JUNE 30, 2021**

NOTE 1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the 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 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.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected to use a rate other than the 10% de minimus indirect cost rate allowed under Uniform Guidance.

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



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Sophie B. Wright Charter School
Louisiana Department of Education and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Sophie B. Wright Charter School; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Sophie B. Wright Charter School for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the applicable Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the Sophie B. Wright Charter School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

Findings:

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.

Findings:

None.

Education Levels/Experience of Public School Staff NO SCHEDULE)

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

Findings:

None.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Findings:

None.

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.

Board of Directors
Sophie B. Wright Charter School

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the (City or Parish School Board or 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
March 13, 2022

SOPHIE B. WRIGHT CHARTER SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL
REVENUE SOURCES
SCHEDULE 1
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

General Fund Instructional and Equipment Expenditures	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,791,911	
Other Instructional Staff Activities	56,490	
Instructional Staff Employee Benefits	633,199	
Purchased Professional and Technical Services	173,170	
Instructional Materials and Supplies	276,872	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		\$ 2,931,642
Other Instructional Activities	53,674	53,674
Pupil Support Services	273,754	
Less: Equipment for Pupil Support Services		
Net Pupil Support Services		273,754
Instructional Staff Services	208,153	
Less: Equipment for Instructional Staff Services		
Net Instructional Staff Services		208,153
School Administration	1,143,590	
Less: Equipment for School Administration	-	
Net School Administration		1,143,590
Total General Fund Instructional Expenditures (Total of Column B)		\$ 4,610,813
Total General Fund Equipment Expenditures (Object 730; Functional Series 1000-4000)		\$ -
Certain Local Revenue Sources		
Local Taxation Revenue:		-
Constitutional Ad Valorem Taxes		-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		-
Local Earnings on Investment in Real Property:		-
Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		-
State Revenue in Lieu of Taxes:		-
Revenue Sharing - Constitutional Tax		-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		-
Nonpublic Textbook Revenue		-
Nonpublic Transportation Revenue		-

**SOPHIE B. WRIGHT CHARTER SCHOOL
 CLASS-SIZE CHARACTERISTICS
 SCHEDULE 2
 YEAR ENDED JUNE 30, 2021
 (SEE INDEPENDENT AUDITORS' REPORT)**

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary								
Elementary Activity Class								
Middle High								
Middle High Activity Class								
High	104	68%	37	24%	10	7%	2	1%
High Activity Class								
Combination								
Combination Activity Class								

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