



Shreveport Charter Schools, Inc.

FINANCIAL STATEMENTS

June 30, 2022 and 2021



	Page
REPORTS	
Independent Auditors’ Report.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statements of Activities.....	5
Statements of Functional Expenses.....	7
Statements of Cash Flows.....	9
Notes to the Financial Statements.....	10
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	18
Notes to the Schedule of Expenditures of Federal Awards.....	19
Schedule of Compensation Paid to the Board of Trustees.....	21
Schedule of Compensation, Benefits and Other Payments to Agency Head	22
Other Information	
Schedules Required by Louisiana State Law (R.S. 24:514)	
Performance and Statistical Data	23
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
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 <i>Government Auditing Standards</i>	26
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28
Schedule of Findings and Questioned Costs	31
Corrective Action Plan.....	33
AGREED-UPON PROCEDURES	
Independent Accountants’ Report on Applying Agreed-Upon Procedures.....	34



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shreveport Charter Schools, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shreveport Charter Schools, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation paid to the board of trustees and the schedule of compensation, benefits and other payments to agency head are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 schedule of compensation paid to the board of trustees, the schedule of compensation, benefits and other payments to agency head, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

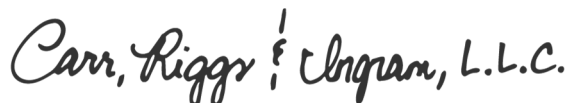
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Performance and Statistical Data Schedules Required by Louisiana State Law but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023, on our consideration of Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
February 8, 2023

Shreveport Charter Schools, Inc.
Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash	\$ 4,069,099	\$ 3,953,019
Grants and other receivables	2,815,631	1,779,087
Prepaid expenses and other current assets	16,640	13,323
Total current assets	6,901,370	5,745,429
Property and equipment		
Furniture, fixtures and equipment	377,511	338,343
Playground equipment	35,591	35,591
Projects	268,547	247,847
Textbooks	208,222	208,222
Kitchen equipment	68,475	57,885
IT equipment	1,161,222	1,034,381
Title I equipment	183,963	183,963
Audio equipment	108,651	93,862
Leasehold improvements	156,213	4,077
Vehicles	78,900	-
Land	95,639	-
Construction in progress	488,796	-
Less: accumulated depreciation	(1,442,888)	(1,141,451)
Property and equipment, net	1,788,842	1,062,720
Total assets	\$ 8,690,212	\$ 6,808,149
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 209,972	\$ 27,922
Accrued expenses	263,940	185,430
Accrued payroll and benefits	726,385	562,323
Total current liabilities	1,200,297	775,675
Total liabilities	1,200,297	775,675
Net assets		
Without donor restrictions	7,489,915	6,032,474
With donor restrictions	-	-
Total net assets	7,489,915	6,032,474
Total liabilities and net assets	\$ 8,690,212	\$ 6,808,149

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

Shreveport Charter Schools, Inc.
Statement of Activities

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
State public school funding	\$ 11,246,292	\$ -	\$ 11,246,292
Federal grants	4,736,035	-	4,736,035
Federal school lunch program	1,325,865	-	1,325,865
Other income	57,173	-	57,173
Interest income	1,764	-	1,764
Total support and revenue	17,367,129	-	17,367,129
Expenses			
Program services			
Education programs	12,186,845	-	12,186,845
Supporting services			
Management and general	3,722,843	-	3,722,843
Total expenses	15,909,688	-	15,909,688
Change in net assets	1,457,441	-	1,457,441
Net assets, beginning of year	6,032,474	-	6,032,474
Net assets, end of year	\$ 7,489,915	\$ -	\$ 7,489,915

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

Shreveport Charter Schools, Inc.
Statement of Activities

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
State public school funding	\$ 10,316,746	\$ -	\$ 10,316,746
Federal grants	2,412,889	-	2,412,889
Federal school lunch program	1,130,143	-	1,130,143
Paycheck Protection Program loan forgiveness	1,402,386	-	1,402,386
Other income	102,447	-	102,447
Interest income	1,878	-	1,878
Total support and revenue	15,366,489	-	15,366,489
Expenses			
Program services			
Education programs	10,106,384	-	10,106,384
Supporting services			
Management and general	3,635,823	-	3,635,823
Total expenses	13,742,207	-	13,742,207
Change in net assets	1,624,282	-	1,624,282
Net assets, beginning of year	4,408,192	-	4,408,192
Net assets, end of year	\$ 6,032,474	\$ -	\$ 6,032,474

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

Shreveport Charter Schools, Inc.
Statement of Functional Expenses

<i>For the year ended June 30, 2022</i>	Program Services <hr/> Education Programs	Supporting Services <hr/> Management and General	Total Expenses
Salaries	\$ 6,925,367	\$ 1,925,647	\$ 8,851,014
Benefits	800,622	333,441	1,134,063
Payroll taxes	540,210	132,560	672,770
Professional services	57,503	230,551	288,054
Contracted and vendor services	709,296	92,596	801,892
Supplies and materials	567,023	105,912	672,935
Utilities	258,186	-	258,186
Repairs and maintenance	200,515	-	200,515
Insurance	131,636	216,965	348,601
Depreciation	301,437	-	301,437
Administration fees	-	230,870	230,870
Travel	160,642	62,570	223,212
Marketing and recruitment	-	115,970	115,970
Transportation	472,945	-	472,945
Food service	970,437	-	970,437
Office expense	17,312	7,395	24,707
Student services	33,857	-	33,857
Athletic activities	39,857	-	39,857
Management fees	-	227,265	227,265
Dues and fees	-	9,353	9,353
Other	-	31,748	31,748
Total Expenses	\$ 12,186,845	\$ 3,722,843	\$ 15,909,688

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

Shreveport Charter Schools, Inc.
Statement of Functional Expenses

<i>For the year ended June 30, 2021</i>	Program Services <hr/> Education Programs	Supporting Services <hr/> Management and General	Total Expenses
Salaries	\$ 5,897,403	\$ 2,181,070	\$ 8,078,473
Benefits	481,645	362,352	843,997
Payroll taxes	469,945	152,983	622,928
Professional services	30,935	169,887	200,822
Contracted and vendor services	564,105	86,901	651,006
Supplies and materials	566,339	81,607	647,946
Utilities	237,147	-	237,147
Repairs and maintenance	194,378	-	194,378
Insurance	59,485	64,830	124,315
Interest	-	14,091	14,091
Depreciation	247,149	-	247,149
Administration fees	-	210,389	210,389
Travel	13,011	7,886	20,897
Marketing and recruitment	-	58,449	58,449
Transportation	378,428	-	378,428
Food service	924,535	-	924,535
Office expense	11,394	9,989	21,383
Student services	27,495	-	27,495
Athletic activities	2,990	-	2,990
Management fees	-	230,715	230,715
Dues and fees	-	4,383	4,383
Other	-	291	291
Total Expenses	\$ 10,106,384	\$ 3,635,823	\$ 13,742,207

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

Shreveport Charter Schools, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 1,457,441	\$ 1,624,282
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	301,437	247,149
Paycheck Protection Program loan and interest forgiveness	-	(1,402,386)
(Increase) decrease in		
Grants and other receivables	(1,036,544)	(364,265)
Prepaid expenses and other current assets	(3,317)	10,026
Increase (decrease) in		
Accounts payable	182,050	14,636
Accrued expenses	78,510	(57,608)
Accrued payroll and benefits	164,062	108,655
Net cash provided by (used in) operating activities	1,143,639	180,489
Cash flows from investing activities		
Purchase of property and equipment	(1,027,559)	(318,030)
Net cash provided by (used in) investing activities	(1,027,559)	(318,030)
Net change in cash	116,080	(137,541)
Cash - beginning of year	3,953,019	4,090,560
Cash - end of year	\$ 4,069,099	\$ 3,953,019
Schedule of certain cash flow information		
Cash paid for interest	\$ -	\$ -
Noncash investing and financing activities		
Paycheck Protection Program loan and interest forgiveness	\$ -	\$ 1,402,386

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

Shreveport Charter Schools, Inc. **Notes to the Financial Statements**

Note 1: NATURE OF ORGANIZATION

Shreveport Charter School, Inc., charter holder for Linwood Public Charter School, a nonprofit organization, was incorporated on January 27, 2009. Effective December 22, 2011, Shreveport Charter School, Inc. changed its corporate name to Shreveport Charter Schools, Inc. (the School). The School is an educational institution servicing grades Pre-K through 8 for residents in Caddo Parish, Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the School effective July 1, 2009, for an initial term of three years. BESE extended the charter for an additional two year period. BESE had the option to terminate or revoke the charter at any time if the School failed to comply with certain terms of the agreement. The charter allowed for a type 5 charter to be operated in the Louisiana Recovery School District, as defined in the LA R.S. 17:3992 and 3998. Effective July 1, 2014, BESE renewed the charter contract for three years through June 30, 2017. The charter was not extended beyond June 30, 2017.

Since the charter contract was not renewed, Shreveport Charter Schools, Inc. alternatively has entered into management agreements each year with the Louisiana Department of Education through its Recovery School District for the 2018 – 2022 school years to manage and operate the school. The 2021 – 2022 agreement terminated on June 30, 2022. Another management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2022. See Note 10 Subsequent Events.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Shreveport Charter Schools, Inc.
Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash consists of demand deposit balances and represents cash available for general operating purposes. Cash equivalents include all highly liquid investments with an original maturity of 90 days or less. The School did not have any cash equivalents at June 30, 2022 or 2021.

Grants and Other Receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for doubtful accounts, as management believes all remaining receivables are fully collectible.

The School received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at the year-end are stated at unpaid balances for expenditures incurred during the year.

Property and Equipment

All acquisitions of property and equipment greater than \$3,000 individually or greater than \$5,000 in aggregate and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost. Contributed property and equipment is recorded at approximate fair value at the date of donation. Normal building maintenance and minor equipment purchases are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (three to fifteen years).

Furniture, fixtures and equipment	3 - 15 Years
Leasehold improvements	5 - 15 Years
Vehicles	5 Years

Depreciation expense totaled \$301,437 and \$247,149, respectively, for the years ended June 30, 2022 and 2021.

Assets purchased with public funds will revert to the Louisiana Board of Elementary and Secondary Education at the time this agreement is terminated. See Note 5.

Compensated Absences

Salaried non-contracted employees are provided between 10 - 25 days of paid time off annually, and may carry over any unused time off into the next year at the rate of one-half of the employee's annualized accrual rate plus the prior year's rollover balance. Contracted employees who work the academic year schedule which includes time off during the school year and summer to not accrue paid time off.

Shreveport Charter Schools, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The School reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the School, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Some net assets without donor restrictions may be designated by the governing board of the School for specific purposes. The governing board has not designated, from net assets without donor restrictions, any net assets for a specific purpose as of June 30, 2022 or 2021.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

A significant portion of the School's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Shreveport Charter Schools, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. The Recovery School District withholds 2% of the gross funding for the fiscal year.

Donated Assets

Noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Expense Allocation

Directly identifiable expenses are charged to program and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area.

Advertising Costs

The School uses advertising to promote its services among the population it serves. Advertising costs are charged to expense when incurred. During the years ended June 30, 2022 and 2021, advertising expenses totaled \$80,481 and \$43,537, respectively.

Income Taxes

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School is also exempt from Louisiana state income taxes. However, income, if any, from certain activities not directly related to the School's tax exempt purpose is subject to taxation as unrelated business income.

The School utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the School has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Shreveport Charter Schools, Inc.
Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 8, 2023. See Note 10 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Adopted Accounting Guidance

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to bring more transparency and consistency to the presentation and disclosure of gifts-in-kind (GIKs). While many not-for-profits (NFPs) already separately report GIKs and make some of the disclosures required by ASU 2020-07, the new standard will bring presentation and disclosure consistency across NFPs. This change in accounting principal did not have a material impact on the financial statements.

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The School is currently evaluating the impact of the guidance on its financial statements.

Note 3: LIQUIDITY OF FINANCIAL ASSETS

As part of the School’s liquidity management, it maintains its funds in cash operating accounts in order to meet the needs of general expenditures, liabilities or other obligations as they come due. Revenue from the Minimum Foundation Program and sources other than federal grants are not restricted for specific purposes and are available for general expenditure. The financial assets available to meet cash needs for general expenditures within one year of the financial position date are as follows:

<i>June 30,</i>	2022	2021
Cash	\$ 4,069,099	\$ 3,953,019
Grant and other receivables	2,815,631	1,779,087
 Total financial assets available to meet general expenditures within one year	 \$ 6,884,730	 \$ 5,732,106

Shreveport Charter Schools, Inc. Notes to the Financial Statements

Note 4: GRANTS AND OTHER RECEIVABLES

At June 30, 2022 and 2021, grants and other receivables totaled \$2,815,631 and \$1,779,087, respectively, which were primarily for Minimum Foundation Program (MFP) funding and federal and state grants passed through the Louisiana Department of Education. The stated balances are considered fully collectible.

Note 5: USE OF SCHOOL FACILITIES

Effective July 1, 2009, the School entered into an agreement with the BESE, which allows the School to use the facilities and its contents located at 401 West 70th Street, Shreveport, Louisiana 71106. The agreement expired on June 30, 2012, and BESE granted extensions for an additional two years ending June 30, 2014, and for an additional three years ending June 30, 2017. The School entered into a management agreement with the Louisiana Department of Education through its Recovery School District each year for the 2018 – 2021 school years which allowed for continued use of the school facilities and contents. The 2020 – 2021 agreement terminated on June 30, 2021. A new management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2021 and allowed the School to continue to operate for the 2021 – 2022 school year and continue to use its current facility. A new management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2022 and allowed the School to continue to operate for the 2022 – 2023 school year and continue to use its current facility. See Note 10 Subsequent Events.

The School is not required to provide for the type of extensive repair to buildings or facilities that would be considered to be a capital expense. Any physical additions or improvements to the property are required to be provided by the Caddo Parish School Board pursuant to LA R.S. 17:1990. Any assets acquired by the School are the property of the School for the duration of the management agreement. Upon termination of the agreement the School may retain cash on hand and assets necessary to carry out closeout operations for the school. The School shall transfer or dispose of assets and cash on hand attributable to public funding as directed by the Recovery School District. Capital assets acquired by the School with non-public funds will remain the property of the School. The School must maintain records of any cash and assets acquired with private funds that will remain the property of the School.

The School is responsible for all necessary maintenance and repairs to ensure that the facilities comply with all state and local fire, life, and safety codes and other applicable laws, regulations and rules.

Shreveport Charter Schools, Inc. Notes to the Financial Statements

Note 5: USE OF SCHOOL FACILITIES (Continued)

Use of the property is not recorded as an in-kind contribution from or related rent expense to Recovery School District. The value of the use of land and the building is not readily determinable. Accordingly, the present value of the benefit to be received in the future years has not been recorded.

Note 6: PAYCHECK PROTECTION PROGRAM

On April 13, 2020, the School qualified for and received a loan in the amount of \$1,385,415 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP provides for forgivable loans to qualifying organizations. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities and the borrower maintains specified levels of payroll and employment.

In June 2021, the School formally received forgiveness of the PPP loan from the SBA. The School recognized revenue of \$1,402,386 during the year ended June 30, 2021, related to PPP loan forgiveness. The forgiven amount by the SBA included the original loan principal of \$1,385,415 and accrued interest through the date of forgiveness totaling \$16,971. Interest expense related to the loan was \$0 and \$14,091 for the years ended June 30, 2022 and 2021, respectively.

Further, loans issued under \$2 million may be subject to audit by the SBA. The School may be required to return a portion of the loan proceeds at the conclusion of any such SBA audit. Any proceeds required to be returned will be repaid under the statutory terms of the PPP Program, including interest at 1%.

Note 7: RISK MANAGEMENT AND LITIGATION

The School is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2022 and 2021.

The School is also involved in litigation arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations. The School has commercial liability insurance covering such matters.

Shreveport Charter Schools, Inc.
Notes to the Financial Statements

Note 8: CONCENTRATIONS AND CREDIT RISK

The School received 65% and 67% of its total revenues from the State of Louisiana, subject to its charter school contract with the state for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, 100% and 100%, respectively, of the School's grants and other receivables were due from the State of Louisiana.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The School also had securities pledged on any cash deposits not secured by the FDIC. At June 30, 2022 and 2021, the School's deposits were fully insured or collateralized.

The School leases buses and certain office equipment that are accounted for as operating leases. These leases expire in various years through 2023.

Note 9: COMMITMENTS

Minimum lease payments under noncancellable operating leases are as follows:

<i>For the years ending June 30,</i>	
<u>2023</u>	<u>\$ 288,000</u>
<u>Total future minimum lease payments</u>	<u>\$ 288,000</u>

Rent expense for each of the years ended June 30, 2022 and 2021 was \$300,586.

Note 10: SUBSEQUENT EVENTS

Effective as of July 1, 2022, Shreveport Charter Schools, Inc. entered into a Management Agreement with the Louisiana Department of Education through its Recovery School District to manage and operate the school under the oversight of the Recovery School District for the 2022 – 2023 school year. The agreement will terminate on June 30, 2023. At that time a new management agreement will be executed with Shreveport Charter Schools, Inc. or a new charter operator will be identified and take over management and operations of the School.

Management has evaluated all subsequent events through February 8, 2023, the date which the financial statements were available to be issued.

Supplementary Information

Shreveport Charter Schools, Inc.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Education				
Passed through Louisiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	S010A180018	\$ -	\$ 864,249
Title I Grants to Local Educational Agencies	84.010	S010A200018	-	119,271
Title I Grants to Local Educational Agencies	84.010	S010A200018	-	52,377
Total Title I Grants to Local Educational Agencies			-	1,035,897
Supporting Effective Instruction State Grants	84.367	S367A180017	-	107,569
Student Support and Academic Enrichment Program	84.424	S42A180019	-	9,234
Comprehensive Literacy Development	84.371	S371C200018	-	77,578
Education Stabilization Fund (ESF)	84.425			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425D210003	-	2,407,560
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210003	-	883,529
Total Education Stabilization Fund (ESF)			-	3,291,089
Special Education Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027	H027A180033	-	212,909
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A180082	-	1,760
Total Special Education Cluster			-	214,669
Total United States Department of Education			-	4,736,036
United States Department of Agriculture				
Passed through Louisiana Department of Education				
Child and Adult Care Food Program (CACFP)	10.558	N/A	-	62,080
Child Nutrition Cluster				
National School Lunch Program (NSLP)	10.555	N/A	-	969,431
Summer Food Service Program for Children (SFSP)	10.559	N/A	-	235,967
Fresh Fruit and Vegetable Program (FFVP)	10.582	N/A	-	58,386
Total Child Nutrition Cluster			-	1,263,784
Total United States Department of Agriculture			-	1,325,864
Total expenditures of federal awards			\$ -	\$ 6,061,900

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

Shreveport Charter Schools, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal spending of Shreveport Charter Schools, Inc. (the School) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not represent the financial position of the School.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended June 30, 2022, the School did not elect to use this rate.

Note 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

Note 4: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The School did not have any federal loans or loan guarantees outstanding during the year ended June 30, 2022.

Note 5: SUBRECIPIENTS

During the year ended June 30, 2022, the School had no subrecipients.

Note 6: NONCASH ASSISTANCE AND OTHER

The School did not receive any noncash assistance or federally funded insurance during the year ended June 30, 2022.

Shreveport Charter Schools, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Note 7: CONTINGENCIES

Grant monies received and disbursed by the School are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the School does not believe that such disallowance, if any, would have a material effect on the financial position of the School.

Note 8: FEDERAL PASS-THROUGH FUNDS

The School is also the subrecipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

Shreveport Charter Schools, Inc.
Schedule of Compensation Paid to the Board of Trustees
For the year ended June 30, 2022

There was no compensation paid to the Board of Trustees for the year ended June 30, 2022.

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2022

Agency Head Name: Dr. Staughton Jennings, Executive Director

Purpose	Amount
Salary	\$ 132,835
State Stipend	4,000
Other Stipend	6,450
Bonus	3,985
Benefits-insurance	13,292
Dues	1,639
Reimbursements	8,956

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Schedules Required by Louisiana State Law (R.S. 24:514)
Performance and Statistical Data
As of and for the year ended June 30, 2022

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.

Shreveport Charter Schools, Inc.
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the year ended June 30, 2022
Schedule 1

General Fund Instructional and Equipment Expenditures	
General Fund Instructional Expenditures	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 2,214,498
Other Instructional Staff Activities	975,032
Instructional Staff Employee Benefits	706,727
Purchased Professional and Technical Services	160,361
Instructional Materials and Supplies	426,535
Instructional Equipment	106,981
Total Teacher and Student Interaction Activities	\$ 4,590,134
Other Instructional Activities	-
Pupil Support Activities	559,873
Less: Equipment for Pupil Support Activities	-
Net Pupil Support Activities	559,873
Instructional Staff Services	491,000
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	491,000
School Administration	1,944,957
Less: Equipment for School Administration	-
Net School Administration	1,944,957
Total General Fund Instructional Expenditures	\$ 7,585,964
Total General Fund Equipment Expenditures	\$ 129,127
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 the 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	\$ -

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Class Size Characteristics
As of October 1, 2021
Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	50%	121	44%	107	6%	16		-
Elementary Activity Classes	73%	19	19%	5	0%	-	8%	2

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.



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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

To the Board of Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Charter Schools, Inc.'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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Charter Schools, Inc.'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

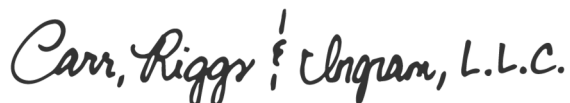
We noted certain other matters that we reported to management of Shreveport Charter Schools, Inc. in a separate letter dated February 8, 2023.

Shreveport Charter Schools, Inc.'s Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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.



CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
February 8, 2023



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

To the Board of Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Shreveport Charter Schools, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shreveport Charter Schools, Inc.'s major federal programs for the year ended June 30, 2022. Shreveport Charter Schools, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Shreveport Charter Schools, Inc. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal*

control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
February 8, 2023

Shreveport Charter Schools, Inc.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2022

Section I – Summary of Auditors’ Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs | |

Assistance Listing Number	Federal Program
10.555, 10.559, 10.582,	Child Nutrition Cluster
84.425D, 84.425U	Education Stabilization Fund (ESF)

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

Shreveport Charter Schools, Inc.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2022

Section II – Financial Statement Findings

2022-001 Late Submission of Audit Report to the Legislative Auditor

Condition: The School's audited financial statements for the fiscal year ending June 30, 2022 were not submitted to the Louisiana Legislative Auditor within the six month deadline per R.S. 24:513 A (5)(a)(i).

Criteria: R.S. 24:513 A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The School's audit report should be submitted to the Louisiana Legislative Auditor by December 31st each year.

Cause: Various factors contributed to delays in obtaining the information necessary to complete the audit procedures.

Effect: The School's audit report was not submitted within the six month deadline as required by R.S. 24:513 (5)(a)(i).

Recommendation: We recommend that the School to ensure timely preparation of the financial statements and related supporting information to ensure the audit can be completed within the deadline per R.S. 24:513 A (5)(a)(i).

Section III – Federal Awards Findings And Questioned Costs

No matters were reported.

Section IV – Prior Year Findings And Questioned Costs

No matters were reported.

Shreveport Charter Schools, Inc.
Corrective Action Plan
For the year ended June 30, 2022



LINWOOD PUBLIC CHARTER SCHOOL

401 W. 70th Street • Shreveport, LA 71106 • Office (318) 841-7634 • Fax (318) 865-0542 •
www.linwoodcharter.org

Corrective Action Plan
For the Year Ended June 30, 2022

Financial Statement Finding

2022-001 Late Submission of Audit Report to the Legislative Auditor

Condition: The School's audited financial statements for the fiscal year ending June 30, 2022 were not submitted to the Louisiana Legislative Auditor within the six month deadline per R.S. 24:513 A (5)(a)(i).

Corrective Action Plan: Linwood Public Charter School agrees with the recommendation and will work towards being compliant for the next year's filing.

Person Responsible for Corrective Action: Wanda Austin-Lewis

Anticipated completion date: 06/30/2023



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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Trustees
Shreveport Charter Schools, Inc.,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the basic financial statements of Shreveport Charter Schools, Inc. for the fiscal year ended June 30, 2022 (the "performance and statistical data"), in order to determine whether the performance and statistical data are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Shreveport Charter Schools, Inc.'s management is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

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

Results: No exceptions were identified.

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.

Results: No exceptions were identified.

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.

Results: No exceptions were identified.

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).

Results: Two out of the twenty-five teachers selected were paid a salary per the PEP data that did not agree to the approved salary per the personnel file. The salary amount per the PEP data for one teacher should have been reported as extra compensation. The full-time equivalent data for two out of the twenty-five teachers selected did not agree to the school's attendance records.

We were engaged by Shreveport Charter Schools, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an

opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the basic financial statements of Shreveport Charter Schools, Inc., as required by Louisiana Revised Statute 24:514 I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
February 8, 2023



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
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Management Letter

To the Board of Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

We have audited the financial statements of Shreveport Charter Schools, Inc. (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements and have issued our report thereon dated February 8, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance.

As a part of our examination, we have issued our report on the financial statements, dated February 8, 2023, and our reports on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and on compliance for each major program and internal control over compliance required by the Uniform Guidance each dated February 8, 2023.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls:

MLC 2022-001 Segregation of Duties

Year of Origination – June 30, 2021

Observation: Inadequate segregation of duties exists between personnel initiating banking transfers and personnel authorizing transfers within the banking system. Compensating segregation of duties outside the banking system were present.

Recommendations: We recommend the School implement policies requiring additional segregation of duties over banking transfers within the banking system.

MLC 2022-002 Student Life Revenues and Expenditures

Year of Origination – June 30, 2021

Observation: Insignificant revenues for student life fundraising transactions are recorded on the general ledger net of related expenditures. This is not in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Recommendations: We recommend that student life fundraising activity be recorded as gross revenues and gross expenditures in accordance with U.S. GAAP.

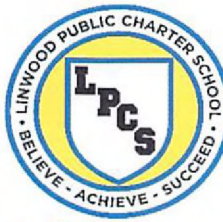
We recommend management address the foregoing issues as improvements to operations. We are available to further explain the suggestions or help implement the recommendation.

This report is intended solely for the information and use of the Board of Trustees of Shreveport Charter Schools, Inc. and management and is not intended to be, and should not be, used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document. Management's written response to the deficiencies identified in our audit has not been subjected to the audit procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
February 8, 2023



LINWOOD PUBLIC CHARTER SCHOOL

401 W. 70th Street • Shreveport, LA 71106 • Office (318) 841-7634 • Fax (318) 865-0542 •
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Corrective Action Plan For Management Letter Comments For the Year Ended June 30, 2022

MLC 2022-001 Segregation of Duties

Observation: Inadequate segregation of duties exists between personnel initiating banking transfers and personnel authorizing transfers within the banking system. Compensating segregation of duties outside the banking system were present.

Views of responsible officials and corrective actions: This change has been implemented. The Chief Executive Officer approves all transfers now.

Anticipated completion date:

07/01/2022

MLC 2022-002 Student Life Revenues and Expenditures

Observation: Insignificant revenues for student life fundraising transactions are recorded on the general ledger net of related expenditures. This is not in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Views of responsible officials and corrective actions: This task was satisfied. The new revenue account number assigned for Student Life is 01-1812.

Anticipated completion date:

07/01/2022



Shreveport Charter Schools, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2022



Carr, Riggs & Ingram, LLC
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees of Shreveport Charter Schools, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Shreveport Charter Schools, Inc.'s (the School's) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the procedure.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Results: Written policies and procedures do not address how vendors are added to the vendor list.

- c) **Disbursements**, including processing, reviewing, and approving.
Results: No exceptions were found as a result of applying the procedure.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Results: No exceptions were found as a result of applying the procedure.
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Results: No exceptions were found as a result of applying the procedure.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Results: No exceptions were found as a result of applying the procedure.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Results: No exceptions were found as a result of applying the procedure.
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Results: No exceptions were found as a result of applying the procedure.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
Results: This procedure is not applicable to the School as a nonprofit.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Results: This procedure is not applicable to the School as a nonprofit.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The School's written policies and procedures do not address the requirements of this category.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: This procedure is not applicable to the School as a nonprofit.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of applying the procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: No exceptions were found as a result of applying the procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: This procedure is not applicable to the School as a nonprofit.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: No exceptions were found as a result of applying the procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Collections (excluding electronic funds transfers)

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

Results: CRI obtained a list of deposit sites and management's representation that the listing was complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Results: No exceptions were found as a result of applying the procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the procedure.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of applying the procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the procedure.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: No exceptions were found as a result of applying the procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: CRI obtained listing of locations that process payments and management's representation that the listing was complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to

employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were found as a result of applying the procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: No exceptions were found as a result of applying the procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were found as a result of applying the procedure.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: CRI obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: No exceptions were found as a result of applying the procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: Two of the three statements subject to this procedure had late fees assessed. One of the three statements subject to this procedure had finance charges assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: We identified one transaction where there was no documentation of the individuals who participated in a meal.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Contracts

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

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

Results: This procedure is not applicable to the School as a nonprofit.

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

Results: The contract selected for this procedure did not require approval by the governing board, as such, this procedure is not applicable.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

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

Results: No exceptions were found as a result of applying the procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Results: No exceptions were found as a result of applying the procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Results: No exceptions were found as a result of applying the procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions were found as a result of applying the procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: CRI obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above: obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Results: This procedure is not applicable to the School as a nonprofit.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Results: This procedure is not applicable to the School as a nonprofit.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This procedure is not applicable to the School as a nonprofit.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Management represented that no misappropriations of public funds and assets occurred during the fiscal period.

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

Results: The School does not have the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on its website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

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

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

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

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

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: This procedure is not applicable to the School as a nonprofit.

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

Results: This procedure is not applicable to the School as a nonprofit.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;

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

Results: This procedure is not applicable to the School as a nonprofit.

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana

February 8, 2023



LINWOOD PUBLIC CHARTER SCHOOL

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www.linwoodcharter.org

February 8, 2023

Louisiana Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

and

Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Re: Management Response to Statewide Agreed-Upon Procedures

The Shreveport Charter Schools, Inc. Management Team has reviewed the independent Accountants' Report on Applying Agreed-Upon Procedures. The Management Team is in agreement with the report as provided by Carr, Riggs & Ingram, LLC. In addition, the Shreveport Charter Schools, Inc. has implemented changes or additions to policy or procedures where necessary to meet the expectations identified in the report.

Respectfully,

A handwritten signature in blue ink that reads "Wanda Austin-Lewis".

Wanda Austin-Lewis
Director of Finance