

ALGIERS CHARTER SCHOOL ASSOCIATION

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Algiers Charter School Association as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Algiers Charter School Association as of June 30, 2020, were audited by other auditors whose report dated December 21, 2020, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule "1"), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of Algiers Charter School Association'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 Algiers Charter School Association'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 Algiers Charter School Association's internal control over financial reporting and compliance.

December 22, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

ALGIERS CHARTER SCHOOL ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 894,078	\$ 1,692,572
Grants receivable	1,811,486	1,093,960
Other receivables	326,131	67,573
Investments	7,833,591	8,954,860
Prepaid expenses	<u>143,971</u>	<u>145,864</u>
 Total current assets	 <u>11,009,257</u>	 <u>11,954,829</u>
 <u>PROPERTY AND EQUIPMENT, NET</u>	 478,333	 473,367
<u>OTHER ASSETS:</u>		
Deposits	<u>57,526</u>	<u>57,526</u>
 Total other assets	 <u>57,526</u>	 <u>57,526</u>
 Total assets	 <u>\$ 11,545,116</u>	 <u>\$ 12,485,722</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	854,573	901,242
Accrued expenses	757,871	691,938
Current portion of long-term debt	1,462,761	1,462,761
Deferred revenue	335,602	219,986
Student activity funds	<u>124,566</u>	<u>160,747</u>
 Total current liabilities	 <u>3,535,373</u>	 <u>3,436,674</u>
<u>NON-CURRENT LIABILITIES:</u>		
Long-term debt, net of current portion	<u>1,863,639</u>	<u>1,863,639</u>
 Total non-current liabilities	 <u>1,863,639</u>	 <u>1,863,639</u>
 Total liabilities	 <u>5,399,012</u>	 <u>5,300,313</u>
<u>NET ASSETS:</u>		
Without donor restrictions	<u>6,146,104</u>	<u>7,185,409</u>
 Total net assets	 <u>6,146,104</u>	 <u>7,185,409</u>
 Total liabilities and net assets	 <u>\$ 11,545,116</u>	 <u>\$ 12,485,722</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ALGIERS CHARTER SCHOOL ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 15,828,372	\$ -	\$ 15,828,372
Federal grants	4,813,534	-	4,813,534
Grants and contributions	327,128	-	327,128
Other state funds	171,546	-	171,546
Investment income	8,900	-	8,900
Other income	266,708	-	266,708
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>21,416,188</u>	<u>-</u>	<u>21,416,188</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	9,357,994	-	9,357,994
General non-instructional	5,249,861	-	5,249,861
Special education	5,689,861	-	5,689,861
Special programs	420,945	-	420,945
Administration	<u>1,736,832</u>	<u>-</u>	<u>1,736,832</u>
Total expenses	<u>22,455,493</u>	<u>-</u>	<u>22,455,493</u>
Change in net assets	(1,039,305)	-	(1,039,305)
Net assets, beginning of year	<u>7,185,409</u>	<u>-</u>	<u>7,185,409</u>
Net assets, end of year	<u>\$ 6,146,104</u>	<u>\$ -</u>	<u>\$ 6,146,104</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ALGIERS CHARTER SCHOOL ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 17,687,586	\$ -	17,687,586
Federal grants	4,333,380	-	4,333,380
Grants and contributions	151,781	-	151,781
Other state funds	147,597	-	147,597
Investment income	101,660	-	101,660
Other income	16	-	16
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue	 <u>22,422,020</u>	 <u>-</u>	 <u>22,422,020</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	8,976,021	-	8,976,021
General non-instructional	6,535,140	-	6,535,140
Special education	5,888,418	-	5,888,418
Special programs	454,286	-	454,286
Administration	<u>1,934,597</u>	<u>-</u>	<u>1,934,597</u>
 Total expenses	 <u>23,788,462</u>	 <u>-</u>	 <u>23,788,462</u>
 Change in net assets	 (1,366,442)	 -	 (1,366,442)
 Net assets, beginning of year	 <u>8,551,851</u>	 <u>-</u>	 <u>8,551,851</u>
 Net assets, end of year	 <u>\$ 7,185,409</u>	 <u>\$ -</u>	 <u>\$ 7,185,409</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

ALGIERS CHARTER SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Total
	General Instructional	General Non-Instructional	Special Education	Special Program	Administration	
Salaries	\$ 5,627,417	\$ 1,474,533	\$ 3,790,140	\$ 306,351	\$ 942,702	\$ 12,141,143
Employee benefits	512,473	111,013	297,842	26,403	66,986	1,014,717
Retirement	1,397,328	347,991	943,230	79,011	243,646	3,011,206
Payroll Taxes	113,611	37,559	72,176	5,970	15,595	244,911
Purchased educational services	49,575	-	85,450	-	-	135,025
Other purchased professional services	122,854	104,125	120,216	-	166,866	514,061
Purchased technical services	2,418	61,265	-	-	664	64,347
Utilities	-	541,817	-	-	-	541,817
Repairs and maintenance	188	841,564	-	-	457	842,209
Rentals	44,608	371,043	9,800	-	142,773	568,224
Student transportation	9,550	-	474	-	-	10,024
Insurance	-	705,199	-	-	18,341	723,540
Communications	335,979	18,745	69,872	-	79,833	504,429
Advertising, printing, and binding	3,465	6,250	-	-	10,317	20,032
Tuition	181,921	-	-	-	-	181,921
Food service	-	231,021	-	-	-	231,021
Travel	25,919	1,258	1,338	-	2,491	31,006
Materials and supplies	913,781	83,931	263,458	3,210	36,427	1,300,807
Dues and fees	13,825	312,547	-	-	8,485	334,857
Miscellaneous	3,082	-	-	-	1,249	4,331
Depreciation	-	-	35,865	-	-	35,865
Total expenses	\$ 9,357,994	\$ 5,249,861	\$ 5,689,861	\$ 420,945	\$ 1,736,832	\$ 22,455,493

See accompanying NOTES TO FINANCIAL STATEMENTS

ALGIERS CHARTER SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Administration	Total
	General Instructional	General Non-Instructional	Special Education	Special Program		
Salaries	\$ 5,638,176	\$ 1,252,692	\$ 3,788,173	\$ 332,935	\$ 924,594	\$ 11,936,570
Employee benefits	487,970	141,583	274,664	20,225	59,661	984,103
Retirement	1,434,614	332,804	942,651	86,788	238,988	3,035,845
Payroll Taxes	116,573	23,767	70,664	6,940	15,134	233,078
Purchased educational services	26,253	-	116,266	5,030	-	147,549
Other purchased professional services	77,605	209,112	116,144	-	315,634	718,495
Purchased technical services	-	242,985	-	-	-	242,985
Utilities	-	442,795	-	-	(243)	442,552
Repairs and maintenance	32,231	1,070,937	-	-	8,535	1,111,703
Rentals	44,598	390,805	-	-	152,412	587,815
Student transportation	168,463	495,745	189,381	-	-	853,589
Insurance	-	671,886	-	-	23,093	694,979
Communications	85,683	17,683	37,295	-	112,554	253,215
Advertising, printing, and binding	1,740	-	-	-	8,488	10,228
Tuition	236,219	-	-	-	-	236,219
Food service	-	695,549	-	-	-	695,549
Travel	144,406	841	73,681	695	4,911	224,534
Materials and supplies	471,885	162,124	279,499	1,673	56,217	971,398
Dues and fees	7,294	354,677	-	-	8,806	370,777
Miscellaneous	2,311	-	-	-	5,813	8,124
Depreciation	-	29,155	-	-	-	29,155
Total expenses	\$ 8,976,021	\$ 6,535,140	\$ 5,888,418	\$ 454,286	\$ 1,934,597	\$ 23,788,462

See accompanying NOTES TO FINANCIAL STATEMENTS

ALGIERS CHARTER SCHOOL ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (1,039,305)	\$ (1,366,442)
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	35,865	29,155
Unrealized (gains)/losses on investments	(8,731)	-
(Increase) decrease in:		
Grant receivables	(717,526)	541,561
Other receivables	(258,558)	336,167
Prepaid expenses	1,893	(45,764)
Deposits	-	36,665
Increase (decrease) in:		
Accounts payable	(46,669)	(84,222)
Accrued expenses	65,933	252,133
Deferred revenues	115,616	105,469
Student activity funds	(36,181)	2,436
	<u>(1,887,663)</u>	<u>(192,842)</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(40,831)	(40,870)
Purchase of investments	-	(5,951,660)
Sale of investments	1,130,000	3,900,000
	<u>1,089,169</u>	<u>(2,092,530)</u>
<u>CASH FLOWS (USED FOR) FINANCING ACTIVITIES:</u>		
Proceeds from issuance of long-term debt	-	3,326,400
	<u>-</u>	<u>3,326,400</u>
Net increase (decrease) in cash and cash equivalents	(798,494)	1,041,028
Cash and cash equivalents, beginning of year	1,692,572	651,544
Cash and cash equivalents, end of year	<u>\$ 894,078</u>	<u>\$ 1,692,572</u>

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Algiers Charter School Association (ACSA) is a nonprofit corporation organized under the laws of the State of Louisiana. ACSA was incorporated in the Fall of 2005 for the purpose of operating charter schools in New Orleans, Louisiana to provide students with knowledge, skills, and character traits necessary to succeed in competitive high schools, college, and life. The Board of Elementary and Secondary Education (BESE) approved the granting ACSA Type 5 charters to operate Martin Berhman Academy of Creative Arts and Sciences (Berhman) from July 1, 2015 to June 30, 2022 and Dr. Lord Beaconsfield Landry High School (L.B. Landry) from July 1, 2014 to June 30, 2024. In addition, the Office of Performance and Accountability (OPA) provides support to each of the schools in the areas of development, operations, finance, academics, recruitment, and planning. All ACSA schools and the OPA are governed by the ACSA Board of Directors.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, ACSA is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ACSA. ACSA's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ACSA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, ACSA considers all demand deposits and all highly liquid investments with a maturity of three months or less to be cash equivalents.

Receivables

Grants, notes, and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2021 and 2020, no allowance is recorded as management considers all receivables to be fully collectible.

Investments

ACSA invests in LAMP, which is administered by LAMP, Inc. a non-profit corporation incorporated in the State of Louisiana. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The investment in LAMP is valued at fair value, which is determined weekly by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs do not stem directly from quoted prices and include data that is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

No Level 2 or Level 3 inputs were used by ACSA during June 30, 2021 and 2021.

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. ACSA maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	27 years
Furniture and equipment	5-12 years

Assets acquired with Louisiana Department of Education (LDOE) funds are owned by ACSA while used in the purpose for which it was purchased. The LDOE however, has a reversionary interest in these assets. Should a charter not be renewed, title in any assets purchased with these funds will revert to the appropriate agency.

Deferred Revenue

Grant funds are considered to be earned when qualifying expenditures are made and all other grant requirements have been met and, accordingly, when such funds are received, they are recorded as deferred revenue until earned.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. ACSA reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the consolidated statement of activities.

Revenues from federal and state grants are recorded when ACSA has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by ACSA, or when otherwise earned under the terms of the grants.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

In addition, ACSA receives services donated by parents and community members in carrying out ACSA's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under GAAP

Functional Expenses

The cost of program and supporting services has been summarized on a functional basis in the statements of activities. This requires the allocation of certain costs based on total program costs and estimates made by management. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries and employee benefits have been allocated based on time and effort. Rent and depreciation have been allocated based on square footage. All other allocated expenses have been allocated based on actual expenses incurred.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

ACSA has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2021 and 2020, ACSA believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2018 and later remain subject to examination by the taxing authorities.

New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." The ASU and all subsequently issued clarifying ASUs superseded the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. ACSA has adjusted the presentation of these statements accordingly. The ASU have been applied retrospectively to all periods presented. The adoption had no material impact on ACSA's financial statements.

Date of Management Review

Subsequent events have been evaluated through December 22, 2021, which is the date the financial statements were available to be issued.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects ACSA's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include deferred revenue and debt service. However, amounts already appropriated for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2021	2020
Financial assets at year-end	\$ 10,865,286	\$ 11,808,965
Less those unavailable for general expenditure within one year due to:		
Deferred revenue	(335,602)	(219,986)
Debt service	(1,462,761)	(1,462,761)
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,066,923	\$ 10,126,218

ACSA's objective is to maintain liquid financials assets without donor restrictions sufficient to cover 60 days of program expenditures. ACSA regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources ACSA has available. In addition, ACSA operates with a budget to monitor sources and uses of funds throughout the year.

(3) GRANTS RECEIVABLE

Grants receivable consist of the following at June 30th:

	2021	2020
Due from federal government	\$ 1,724,772	\$ 1,044,464
Due from State of Louisiana	86,714	49,496
	\$ 1,811,486	\$ 1,093,960

(4) INVESTMENTS

The fair value of Level 1 investments is determined by reference to quoted prices in active markets for identical assets and is as follows at June 30th:

	2021	2020
LAMP	\$ 7,833,591	\$ 8,954,860
Total investments	\$ 7,833,591	\$ 8,954,860

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(4) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended June 30th:

	2021	2020
Dividends and interest	\$ <u>8,900</u>	\$ <u>101,660</u>

(5) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021 and 2020:

	2021	2020
Building	\$ 607,476	\$ 566,646
Machinery and equipment	<u>3,508,225</u>	<u>3,508,224</u>
	4,115,701	4,074,870
Less accumulated depreciation	<u>(3,637,368)</u>	<u>(3,601,503)</u>
Total	\$ <u>478,333</u>	\$ <u>473,367</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$35,865 and \$29,155, respectively.

(6) INTERFUND ACTIVITY

ACSA uses a pooled cash account to track interfund receivables and payables. Due to/from pooled cash balances at June 30, 2021 are as follows:

Due to Pooled Cash	Amount	Due from Pooled Cash	Amount
OPA	\$ 9,097,701	OPA	\$ 1,508,344
Behrman	252,761	Behrman	3,480,663
L.B. Landry	<u>617,175</u>	L.B. Landry	<u>4,978,630</u>
Total	\$ <u>9,967,637</u>	Total	\$ <u>9,967,637</u>

The above due to/from other funds were short-term receivables or payables resulting from the normal course of ACSA's operations.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(6) INTERFUND ACTIVITY (CONTINUED)

ACSA’s transfers in (out) consist of interfund activity for the OPA allocation as discussed in Note 1 and indirect costs transfers and result from the normal course of ACSA’s operations as of June 30, 2021.

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
OPA	\$ 1,773,059	OPA	\$ -
Behrman	92,569	Behrman	932,481
L.B. Landry	<u>129,120</u>	L.B. Landry	<u>1,062,267</u>
 Total	 <u>\$ 1,994,748</u>	 Total	 <u>\$ 1,994,748</u>

(7) LONG-TERM DEBT

As of April 29, 2020, ACSA was granted a \$3,326,400 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. ACSA is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Proceeds from the loan are eligible for forgiveness if ACSA maintains employment levels during its 10-month covered period and uses the funds for certain payroll, rent and utility expenses. No amount of this loan has been recorded as forgiveness of debt for the years ended June 30, 2021 and 2020. To the extent that ACSA is not granted forgiveness, ACSA will be required to repay any remaining balance, plus interest accrued at 1% annum in monthly payments beginning on November 29, 2020. Principal and interest payments will be required through the maturity date of April 29, 2022. See Note 15 for information on the forgiveness of this note subsequent to year end.

(8) RETIREMENT PLAN

ACSA offers eligible employees the opportunity to participate in the Teachers’ Retirement System of Louisiana (TRSL), a state retirement plan. The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers’ Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123. Pertinent information relative to the plan follows:

Plan Description

All eligible full-time employees of ACSA are covered by defined benefit contributory pension plans administered and controlled by a separate Board of Trustees. The Board of Trustees administers plans which are cost-sharing multiple-employer public employee retirement systems.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(8) RETIREMENT PLAN (CONTINUED)

Plan Description (continued)

Teachers and administrative employees belong to the Teachers' Regular Plan. Benefits are established by State Statute. TRS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of credited service. Normal retirement is at age 60 with 10 years of service or 20 years of service regardless of age for the Teachers' Regular plan members. Retirement benefits are based upon the employee's age, their last three years of compensation and the number of years that the employee was contributing to TRS.

The percentage formula is applied to the average of the highest three successive annual salaries. The benefit is payable for life with eight available annuity payment plans. The plans also provide various death and disability benefits whereby the disabled employee or surviving spouse is entitled to receive amounts determined as defined by the plan.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. ACSA is required to contribute at an actuarially determined rate. The rate is 25.8% of annual eligible contributions for the TRSL and is established by state law, and rates are established by the Public Retirement System's Actuarial Committee. ACSA's contributions for the years ended June 30, 2021 and 2020 were \$3,011,206 and \$3,035,845, respectively.

(9) LEASE COMMITMENTS

ACSA entered into a lease agreement with the Orleans Parish School Board to use office space at 2401 Westend Parkway, New Orleans. Under the terms of the agreement starting on August 1, 2020, the lease is for \$10,546 a month for 12 months expiring on July 31, 2021. As of August 1, 2021, the lease for the office space has been renewed for an additional year ending on July 31, 2022.

ACSA entered into an operating lease agreement with Xerox for three copiers to be installed at L.B. Landry -O.P. Walker High School at 1200 L B Landry Ave, New Orleans, LA 70114. Under the terms of the agreement starting on July 17, 2019, the lease is for \$627 per month for 36 months expiring July 17, 2022.

ACSA entered into an operating lease agreement with Xerox for three copiers to be installed at Algiers Charter School Association at 2401 Westend Parkway, New Orleans, LA 70114. Under the terms of the agreement starting on July 17, 2019, the lease is for \$690 per month for 36 months expiring July 17, 2022.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(9) LEASE COMMITMENTS (CONTINUED)

ACSA entered into an operating lease agreement with Xerox for four copiers to be installed at Martin Berhman Charter School at 2832 General Meyer Ave, New Orleans, LA 70114. Under the terms of the agreement starting on July 17, 2019, the lease is for \$878 per month for 36 months expiring July 17, 2022.

ACSA entered into an operating lease agreement with Ross Bus for 28 passenger buses. Under the terms of the agreement starting on July 1, 2018, the lease is for \$16,900 per bus per year expiring June 30, 2023. As of July 2021, ACSA has amended the lease agreement to reduce the number of buses to 21 per year for a total annual cost of \$354,900 until June 30, 2023.

Total rent expense under the above leases totaled \$568,224 and \$587,815 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments under the operating leases for the next five years and thereafter are as follows:

2022	\$	507,795
2023		<u>366,690</u>
	\$	<u>874,485</u>

(10) CONCENTRATIONS OF CREDIT RISK

ACSA maintains cash in bank accounts in excess of insured limits periodically. ACSA has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of ACSA's cash is maintained in collateralized bank accounts.

(11) GRANT PROGRAM CONTINGENCIES

ACSA participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that ACSA has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2021 and 2020 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and ACSA.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(12) ECONOMIC DEPENDENCY

ACSA receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2021 and 2020 totaled \$15,828,372 and \$17,687,586, respectively. Funding was from various federal grants passed through the State of Louisiana for the years ended June 30, 2021 and 2020 totaled \$4,813,534 and \$4,333,380, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds ACSA receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds ACSA will receive in fiscal year 2022 relating to its grant awards.

(13) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, “*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.*” This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP’s programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The School plans to adopt this Update as applicable by the effective date.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “*Leases.*” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, “*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842).*” Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842).*” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The School plans to adopt this Update as applicable by the effective date.

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(14) SUBSEQUENT EVENTS

As of September 14, 2021, ACSA has been approved of loan forgiveness for the second PPP loan for a total forgiveness amount of \$3,326,400.

As of November 19, 2021, ACSA entered into a new five-year operating agreement starting on July 2022 for Martin Behrman Academy of Creative Arts and Science Charter School.

(15) CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2021, ACSA updated its functional expense methodology to reflect changes in its account and reporting structure. The effect of the change was to decrease administration functional expenses by \$1,765,691 and increase program expenses by \$1,765,691 for the year ended June 30, 2020.

(16) RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on net assets.

SUPPLEMENTARY INFORMATION

ALGIERS CHARTER SCHOOL ASSOCIATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

	Tale Lockett
Time served	07/01/20 through 06/30/21
Salary	\$ 150,000
Benefits - insurance	6,470
Benefits - retirement	38,713
 Total compensation, benefits, and other payments	 \$ 195,183

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**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 Directors of
Algiers Charter School Association
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Algiers Charter School Association (a non-profit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Algiers Charter School Association'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 Algiers Charter School Association's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Algiers Charter School Association'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 may exist that have not been identified.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

Compliance and Other Matters

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

Purpose of this Report

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

December 22, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Algiers Charter School Association's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Algiers Charter School Association's major federal programs for the year ended June 30, 2021. Algiers Charter School Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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



To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

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.

December 22, 2021
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

ALGIERS CHARTER SCHOOL ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 1,568,474
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 471,321
Special Education - Preschool Grants	84.173	<u>15,414</u>
Total Special Education Cluster		486,735
Improving Teacher Quality State Grants	84.367	148,568
Comprehensive Literacy Development	84.371	24,527
School Improvement Grants	84.377	7,790
Student Support and Academic Enrichment Program	84.424	64
COVID-19 Governor's Emergency Education Relief Fund	84.425C	168,978
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	<u>1,064,585</u>
Total Education Stabilization Fund		1,233,563
Career and Technical Education - Basic Grants to States	84.048	31,251
Teacher and School Leader Incentive Grants	84.374	<u>484,606</u>
 Total U.S. Department of Education		 <u>3,985,578</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	54,705
National School Lunch Program	10.555	702,249
Summer Food Service Program for Children	10.559	<u>12,161</u>
Total Child Nutrition Cluster		769,115
Child and Adult Care Food Program	10.558	<u>17,592</u>
 Total U.S. Department of Agriculture		 <u>786,707</u>
 Total expenditures of federal awards		 <u>\$ 4,772,285</u>

(See Independent Auditors' Report)

ALGIERS CHARTER SCHOOL ASSOCIATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

All federal grant operations of Algiers Charter School Association are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Education Stabilization Fund (AL Nos. 84.425C and 84.425D)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2021.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when Algiers Charter School Association has met the qualifications for the respective grants.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2021.

NOTE 4 – INDIRECT COST RATE

Algiers Charter School Association has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

ALGIERS CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Algiers Charter School Association.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Algiers Charter School Association were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Algiers Charter School Association expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were the Education Stabilization Fund (AL Nos. 84.425C and 84.425D).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Algiers Charter School Association was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2021.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the consolidated financial statements for the year ended June 30, 2021.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings related to major federal awards programs for the year ended June 30, 2021.

ALGIERS CHARTER SCHOOL ASSOCIATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FINANCIAL STATEMENTS**

Not applicable

**II. INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FEDERAL AWARDS**

Not applicable

III. MANAGEMENT LETTER

Not applicable

**SCHEDULES REQUIRED BY STATE LAW
(PERFORMANCE STATISTICAL DATA)**



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Algiers Charter School Association for the fiscal year ended June 30, 2021. Management of Algiers Charter School Association is responsible for its performance and statistical data.

Algiers Charter School Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. 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 for each of the following amounts reported on the schedule:
 - a. Total General Fund Instructional Expenditures,
 - b. Total General Fund Equipment Expenditures,
 - c. Total Local Taxation Revenue,
 - d. Total Local Earnings on Investment in Real Property,
 - e. Total State Revenue in Lieu of Taxes,
 - f. Nonpublic Textbook Revenue,
 - g. Nonpublic Transportation Revenue.

Exceptions: None



To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

Class Size Characteristics (Schedule 2)

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

Exceptions: None

Education Levels/Experience of Public School Staff (NO SCHEDULE)

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

Exceptions: None

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Exceptions: None

We were engaged by Algiers Charter School Association 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.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
Algiers Charter School Association
New Orleans, Louisiana

We are required to be independent of Algiers Charter School Association 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 and results of testing performed on the performance and statistical data accompanying the annual financial statements of the Algiers Charter School Association, as required by Louisiana Revised Statute 24:514.I, and for the information and use of Algiers Charter School Association, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 22, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ALGIERS CHARTER SCHOOL ASSOCIATION
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom teacher salaries	\$ 5,122,822	
Other instructional staff salaries	581,719	
Instructional staff employee benefits	2,105,771	
Purchased professional and technical services	1,269,519	
Instructional materials and supplies	140,070	
Instructional equipment	-	
Total teacher and students interaction activities		\$ 9,219,901
Other instructional activities		564,509
Pupil support services	1,554,955	
Less: Equipment for pupil support services	-	
Net pupil support services		1,554,955
Instructional staff services	754,864	
Less: Equipment for instructional staff services	-	
Net instructional staff services		754,864
School administration	1,672,820	
Less: equipment for school administration	-	
Net school administration		1,672,820
Total general fund instructional expenditures (total of column B)		<u>\$ 13,767,049</u>
Total General fund equipment expenditures		<u>\$ -</u>
<u>CERTAIN LOCAL REVENUE SOURCES</u>		
Total local taxation revenue		<u>\$ -</u>
Total local earnings on investment in real property		<u>\$ -</u>
Total state revenue in lieu of taxes		<u>\$ -</u>
Nonpublic textbook revenue		<u>\$ -</u>
Nonpublic transportation revenue		<u>\$ -</u>

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

ALGIERS CHARTER SCHOOL ASSOCIATION
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2021
AS OF OCTOBER 1, 2020

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	32%	54	19%	32	49%	83	-	-
Elementary/Activity Classes	15%	3	15%	3	70%	14	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	53%	150	20%	56	20%	55	7%	20
High Activity Classes	62%	24	3%	1	15%	6	21%	8
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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