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**LAFAYETTE CHARTER FOUNDATION, INC.**  
**LAFAYETTE, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**LAFAYETTE, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors for  
Lafayette Charter Foundation, Inc.  
Lafayette, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lafayette Charter Foundation, Inc. (the Foundation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statement of financial position, combining statement of activities and changes in net assets, Acadiana Renaissance Charter Academy statement of functional expenses, Lafayette Renaissance Charter Academy statement of functional expenses, the combining statement of financial position to fund balance reconciliation, the changes in the combining statement of activities and changes in net assets to changes in fund balance and the Schedule of Compensation, Benefits and Other Payments to Board President presented on pages 15-21, as well as the schedule of expenditures of federal awards presented on pages 26-27, as required by Uniform Guidance, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 14, 2022

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 2,732,326
Cash - restricted	274,333
Grants receivable	1,372,258
Due from CSUSA	288,257
Prepaid expenses and other	165,761
Total current assets	<u>4,832,935</u>

**PROPERTY AND EQUIPMENT (NET):**

28,380,752

**NON-CURRENT ASSETS:**

Other deposits	<u>90,611</u>
Total assets	<u>\$ 33,304,298</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 597,739
Accrued payroll and related expenses	1,296,348
Other liabilities	225,840
Due to CSUSA	80,790
Deferred revenue	10,472
Accrued interest payable	286,963
Capital lease payable - short term portion	986,882
Funds held in custody	274,333
Total current liabilities	<u>3,759,367</u>

**LONG TERM LIABILITIES:**

Capital lease payable	<u>33,291,937</u>
Total long-term liabilities	<u>33,291,937</u>

**NET DEFICIT:**

Without donor restrictions	<u>(3,747,006)</u>
Total net deficit	<u>(3,747,006)</u>

Total liabilities and net deficit \$ 33,304,298

The accompanying notes are an integral part of this financial statement.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Revenue, Grants and Other Support</b>	
Minimum Foundation Program (MFP)	\$ 23,840,037
Federal grants	2,987,416
Before and aftercare fees	231,922
E-rate revenues	28,557
Interest income	1,152
Total revenues and support without donor restrictions	<u>27,089,084</u>
<b>Expenses:</b>	
Program services:	
Regular education	15,652,006
Special education	2,718,377
Other education	199,078
Total program services	<u>18,569,461</u>
Supporting services:	
Management and general	<u>7,515,009</u>
Total expenses	<u>26,084,470</u>
Change in net assets	1,004,614
<b><u>NET DEFICIT AT BEGINNING OF THE YEAR</u></b>	<u>(4,751,620)</u>
<b><u>NET DEFICIT AT END OF THE YEAR</u></b>	<u>\$ (3,747,006)</u>

The accompanying notes are an integral part of this financial statement.



**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 6,671,333	\$ 1,475,359	\$ 146,728	\$ 745,026	\$ 9,038,446
Benefits	1,306,963	293,092	19,815	159,971	1,779,841
Professional Services	64,916	7,305	-	195,849	268,070
Contracted/Vendor Services	339,971	125,115	-	2,430,444	2,895,530
Professional Development	49,407	5,557	-	-	54,964
Supplies/Materials	664,154	74,696	108	57,305	796,263
Utilities	518,956	58,366	-	16,939	594,261
Repairs and Maintenance	934,505	105,101	-	30,504	1,070,110
Insurance	197,504	22,212	-	6,683	226,399
Rent	883,623	99,375	-	29,905	1,012,903
Interest	-	-	-	3,472,659	3,472,659
Depreciation and Amortization	1,961,705	220,626	-	64,027	2,246,358
School Board Fees	53,098	5,971	-	-	59,069
Travel	6,302	709	-	4,905	11,916
Marketing/Recruitment	88,802	9,986	-	2,667	101,455
Food Service	507,447	57,072	32,427	2,347	599,293
Technology	77,837	8,754	-	57,728	144,319
Office Expense	282,512	31,777	-	125,802	440,091
Student Services	871,752	98,047	-	-	969,799
Property Tax	171,219	19,257	-	5,588	196,064
Other	-	-	-	106,660	106,660
	<u>\$ 15,652,006</u>	<u>\$ 2,718,377</u>	<u>\$ 199,078</u>	<u>\$ 7,515,009</u>	<u>\$ 26,084,470</u>

The accompanying notes are an integral part of this financial statement.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 1,004,614
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,246,358
Increase in:	
Federal programs receivables	(1,081,565)
Prepaid expenses and other	(115,830)
Other assets	(87,470)
Increase (decrease) in:	
Accounts payable	417,704
Accrued payroll and related expenses	440,463
Accrued other expenses	485,085
Other payables	(17,627)
Due to CSUSA	(563,743)
Funds held in custody	94,730
Net cash provided by operating activities	2,822,719

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of fixed assets	(1,005,205)
Net cash used in investing activities	(1,005,205)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on capital lease	(874,745)
Payments on notes payable	(175,000)
Proceeds from notes payable	-
Net cash provided by financing activities	(1,049,745)

Net increase in cash	767,769
Beginning cash balance	2,238,890
Ending cash balance	\$ 3,006,659

**Reconciliation of cash balances**

Cash	\$ 2,732,326
Cash - restricted	274,333
Ending cash balance	\$ 3,006,659

**Supplemental disclosure of cash flow information**

Interest paid (net of capitalized interest of \$8,399)	\$ 3,378,986
Non-cash Investing and Financing:	
Property and equipment acquired through leases	\$ 10,324,143

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

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Lafayette Charter Foundation, Inc. (the Foundation) is a Louisiana not-for-profit entity organized exclusively for educational purposes for providing high quality educational options for the students and families of Louisiana. For the 2020-2021 school year, the Foundation operated two schools, Acadiana Renaissance Charter Academy and Acadiana Renaissance Charter Academy High School (combined as Acadiana) and Lafayette Renaissance Charter Academy (Lafayette), under Type 2 charter agreements pursuant to Louisiana Revised Statutes, Title 17, Chapter 42 with the Louisiana Board of Elementary and Secondary Education (BESE). Acadiana Renaissance Charter Academy High School was opened in the 2020-2021 school year. The charter agreement for Lafayette Renaissance Charter Academy will terminate on June 30, 2024, and the charter agreement for Acadiana will terminate on June 30, 2025, unless renewed at the discretion of BESE. Collectively, the schools had enrollment of approximately 2,401 students for the 2020-2021 school year.

**Basis of Accounting**

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**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 the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

**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 the Foundation 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Foundation has no net assets with donor restrictions for the year ended June 30, 2021.

**Functional Allocation of Expenses by Nature and Class**

The costs of providing the various programs and administrative activities have been summarized on a functional basis in the statement of functional expenses by nature and class. Accordingly, certain costs have been allocated between program services and management and general services benefited. Such allocations are determined by management on an equitable basis.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Functional Allocation of Expenses by Nature and Class (continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries	Enrollment, square footage, time and effort
Benefits	Enrollment, square footage, time and effort
Professional services	Time and effort
Contracted/vendor services	Enrollment
Professional development	Enrollment
Supplies/materials	Enrollment, square footage, time and effort
Utilities	Square footage
Repairs and maintenance	Square footage
Insurance	Square footage, time and effort
Rent	Square footage
Depreciation and amortization	Square footage
School board fees	Enrollment
Travel	Enrollment, time and effort
Marketing/recruitment	Enrollment, square footage
Food service	Enrollment, time and effort
Technology	Square footage, time and effort
Office expense	Enrollment, square footage
Student services	Enrollment
Property tax	Enrollment, square footage

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

Use of Estimates

Management used estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures. Significant estimates have been applied in the determination of depreciation in the preparation of the accompanying financial statements. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Funds Held in Custody

The Foundation considers all student activity funds and unexpended income from these funds to be funds held in custody. All funds held in custody are recorded in the statement of financial position at cost which represents their fair values.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Grants Receivable

Grants receivable represents amounts owed to the Foundation for costs incurred under federal and state grant contracts which are reimbursable to the Foundation. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible contracts receivable when management determines that the receivable will not be collected. Management has concluded that all receivables are collectible, and as such, no allowance for doubtful accounts has been established as of June 30, 2021.

Public Support and Revenue Recognition

The Foundation receives grants from the private and public sectors. The public sector grants are for specific purposes and are passed through the Louisiana Department of Education. Additionally, the Foundation receives Minimum Foundation Program (MFP) funding from the Louisiana Department of Education through the Louisiana Board of Elementary and Secondary Education according to the per student funding formula set forth by the Department of Education and an apportionment of local taxes. Substantially all state grants and support are without donor restrictions as to use. A substantial portion of federal grants are expenditure driven and as such is classified as without donor restrictions in the Statement of Activities and Changes in Net Assets. The Foundation also receives federal support for food service that is based on the number of meals served to students. As such, revenue is recognized as meals are served. Before and after care fees and e-rate revenues are recognized when earned.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions whose donor restrictions are met in the same reporting period are reported as without donor restrictions. No contributions were received for the fiscal year ended June 30, 2021.

Cash

For purposes of the statement of cash flows, cash includes all cash accounts held at financial institutions and cash on hand. At June 30, 2021, the balances in the cash accounts exceeded the amount insured by the Federal Deposit Insurance Corporation by \$1,989,768. Management, however, believes the credit risk associated with these deposits is minimal. Restricted cash represents amounts held by the Foundation for the funds held in custody.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Advertising

The Foundation expenses advertising costs as they are incurred. Such expenses totaled \$98,655 during the fiscal year ended June 30, 2021, and is included under marketing and recruitment expenses on the Statement of Functional Expenses.

Property and Equipment

The Foundation has adopted the practice of capitalizing all expenditures for depreciable assets for per unit cost which exceeds \$750 or an asset purchase over \$5,000. Property and equipment is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives ranging from 3 to 20 years. Maintenance and repairs are charged to expense when incurred. Leasehold improvements are amortized over 20 years.

Tax Exempt Status

The Foundation is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes as such no provision has been made for federal and state income taxes. If the Foundation would engage in activities unrelated to the purpose for which it was created, taxable income could result. The Foundation had no material unrelated business income for the fiscal year ended June 30, 2021.

The Foundation recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and other information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

New Accounting Pronouncements

The Foundation adopted Accounting Standards Update (ASU) 2014-09 and related amendments, *Revenue from Contracts with Customers* (Topic 606), during the year. This ASU was issued to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. Analysis of various provisions of this standard resulted in no significant changes in the way Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Accounting Pronouncements Issued but not yet Adopted

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations, and enhances disclosures with respect to these contributions. The amendments in this ASU will be applied on a retrospective basis and are effective for the Foundation's fiscal year ending June 30, 2022.

In February 2016, the FASB issued ASU No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than twelve months on the statements of financial position as well as additional disclosures. The implementation of this standard was delayed by FASB upon issuance of ASU 2020-05 in June 2020. This standard will be effective for the Foundation's fiscal year ending June 30, 2023.

The Foundation is currently assessing the impact of these pronouncements on the financial statements.

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Financial assets at year end:	
Cash	\$ 2,732,326
Grants receivable	<u>1,372,258</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>4,104,584</u>

Management regularly monitors liquidity to meet the School's operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the School has available. See Note 7 for the terms of the management agreement with CSUSA that can provide additional liquidity to the Foundation.

**3. GRANTS RECEIVABLE**

Receivables due from other governmental agencies at June 30, 2021, consists of \$1,372,258, representing amounts due from the Louisiana Department of Education for federal pass through grants under the Title I program, Title II program, ESSER, NSLP, and IDEA program.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**4. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at June 30, 2021:

Buildings and leasehold improvements	\$ 35,593,374
Furniture & fixtures	1,780,067
Equipment and software	<u>4,150,570</u>
Total Cost	\$ 41,524,011
Less: Accumulated Depreciation and Amortization	<u>( 13,143,259)</u>
Total Property and Equipment	<u>\$ 28,380,752</u>

Depreciation and amortization expenses for the year ending June 30, 2021 were \$2,246,358.

**5. FUNDS HELD IN CUSTODY**

Collections from student activities are funds under the supervision of the Foundation; however, these funds belong to the schools or their student bodies and are not available for use in operations.

**6. CONCENTRATION OF SUPPORT**

The Foundation received 88% of its support from the MFP and 11% of its support from federal grants passed through the Louisiana Department of Education. The loss or significant reduction of state and federal funding could have a material adverse effect on the Foundation's operations.

**7. COMMITMENTS**

The Foundation has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA shall be entitled to cost reimbursements and a management fee for its services. The management fee is 15% of revenues which shall be set forth within the approved annual budget or a lesser percentage if, as otherwise agreed to, by CSUSA. The management agreement allows for CSUSA to make operating advances to the Foundation in the event there are not sufficient funds in the operating account to pay operating expenses. The Foundation's management fees were increased by \$44,943 for the year ended June 30, 2021.

At June 30, 2021, the Foundation owed CSUSA \$80,790 related to operation and trade payables. At June 30, 2021, there was \$288,257 due to the Foundation from CSUSA for contributions. These amounts are reflected in the statement of financial position.

For the year ended June 30, 2021, the amount of compensation paid to CSUSA totaled \$3,210,997 for operating the schools as well as the aftercare programs. These amounts are included in the statement of activities and changes in net assets in supporting services.

On July 1, 2020, the Foundation entered into a debt agreement with CSUSA to borrow \$175,000 for general operations with an interest rate of 5% and a maturity of June 30, 2021. In accordance with the terms of the note, all principal and accrued interest were paid during the year ended June 30, 2021.



**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**8. CAPITAL LEASE**

The Foundation has entered into 20-year capital lease agreements for property and athletic fields for each of the charter schools. The leases are held by an affiliate of CSUSA. Effective July 1, 2017, there was a lease incentive provided to the schools which resulted in a reassessment of the lease agreement. The result of the reassessment is an updated interest rate for the lease at the date of reassessment on the basis of the remaining lease term and remaining payments. Interest on the lease was originally 9.818% and changed to 9.025%. Principal payments, which commenced on December 1, 2017, per the original lease, changed to commence on July 1, 2020. The lease agreements expire on June 1, 2034. On August 1, 2020, the Foundation opened the Acadiana Renaissance Charter Academy High School and entered into a capital lease agreement with CSUSA. Interest on the lease is 11.04%. The capital lease will expire on July 1, 2040.

Payments are due in monthly installments and are considered late five days after the due date. A five percent late fee is assessed on any payment received after its scheduled due date. No security deposit was required upon execution of this lease. Accrued interest payable related to these capital leases in the amount of \$286,963 was outstanding at June 30, 2021.

On February 26, 2021, the Foundation entered into a capital lease agreement for furniture and fixtures. The capital lease requires monthly payments of \$8,205 for 48 months with an interest rate of 5.69%.

On February 26, 2021, the Foundation entered into a capital lease agreement for technology equipment. The capital lease requires monthly payments of \$11,275 for 36 months with an interest rate of 6.01%.

The future minimum lease payments under these capital lease obligations as of June 30, 2021, are as follows:

Year ending June 30,	Amount
2022	\$ 4,295,317
2023	4,348,925
2024	4,370,963
2025	4,316,196
2026	4,319,935
Thereafter	45,980,030
Total Minimum Lease Payments	\$ 67,631,366
Less: Amounts Representing Interest	(33,351,573)
 Present value of minimum lease payments	 \$ 34,278,819
 Less: current portion	 (986,882)
Capital lease payable - long term	 \$ 33,291,937

The Foundation capitalizes interest cost as a component of the capital lease. Total interest expense included in the statement of activities at June 30, 2021 was \$3,472,659 which included a reduction for capitalized interest of \$8,399.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**9. FEDERAL GRANTS**

The Foundation received federal assistance from the following programs for the year ended June 30, 2021, which were all passed through the Louisiana Department of Education.

**US Department of Education**

Title I	S	865,618
Title II		34,599
Title IV		25,453
Title V		37,223
Elementary and Secondary School Emergency Relief Fund		858,607
IDEA and Preschool Grants		417,113
		<hr/> 2,238,613

**US Department of Agriculture**

National School Lunch and Breakfast Program		748,803
Total	S	<hr/> <hr/> 2,987,416

**10. RETIREMENT PLAN**

The Foundation has a qualified Internal Revenue Code Section 401(k) retirement plan (the Plan). The Plan covers all employees who have completed at least two months of service and are at least 21 years old. The Foundation is obligated to match up to 25% of an employee's deferred amount, up to 6% of their pay. The Foundation contributed \$44,084 to this Plan during the year ended June 30, 2021.

**11. CONTINGENT LIABILITIES**

The Foundation may from time-to-time be subject to claims and liabilities in the normal course of business. A general liability policy has been purchased to cover the costs of such claims. No such claims are outstanding as of June 30, 2021.

The continuation of the Foundation is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contracts with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contracts, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contracts, the contracts shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

**12. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 14, 2022, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary. No events occurring after this date have been considered for inclusion in these financial statements.

**SUPPLEMENTAL INFORMATION**

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

<b><u>ASSETS</u></b>	<b>Acadiana</b>	<b>Lafayette</b>	<b>Eliminating Entries</b>	<b>Combined</b>
<b><u>CURRENT ASSETS:</u></b>				
Cash	\$ 1,941,933	\$ 790,393	\$ -	\$ 2,732,326
Cash - restricted	109,528	164,805	-	274,333
Grants receivable	699,665	672,593	-	1,372,258
Due from CSUSA	-	288,257	-	288,257
Prepaid expenses and other	17,796	147,965	-	165,761
Total current assets	2,768,922	2,064,013	-	4,832,935
<b><u>PROPERTY AND EQUIPMENT (NET):</u></b>				
	19,370,252	9,010,500	-	28,380,752
<b><u>NON-CURRENT ASSETS:</u></b>				
Other deposits	90,611	-	-	90,611
Total assets	\$ 22,229,785	\$ 11,074,513	\$ -	\$ 33,304,298
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>CURRENT LIABILITIES:</u></b>				
Accounts payable	\$ 288,125	\$ 309,614	\$ -	\$ 597,739
Accrued payroll and related expenses	679,962	616,386	-	1,296,348
Other liabilities	141,506	84,334	-	225,840
Due to CSUSA	80,790	-	-	80,790
Deferred revenue	356	10,116	-	10,472
Accrued interest payable	195,628	91,335	-	286,963
Capital lease payable - short term portion	587,791	399,091	-	986,882
Funds held in custody	109,528	164,805	-	274,333
Total current liabilities	2,083,686	1,675,681	-	3,759,367
<b><u>LONG TERM LIABILITIES:</u></b>				
Capital lease payable	21,547,291	11,744,646	-	33,291,937
Total long-term liabilities	21,547,291	11,744,646	-	33,291,937
<b><u>NET DEFICIT:</u></b>				
Without donor restrictions	(1,401,192)	(2,345,814)	-	(3,747,006)
Total net deficit	(1,401,192)	(2,345,814)	-	(3,747,006)
Total liabilities and net deficit	\$ 22,229,785	\$ 11,074,513	\$ -	\$ 33,304,298

See independent auditors' report.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Acadiana</u>	<u>Lafayette</u>	<u>Eliminating Entries</u>	<u>Combined</u>
<b>Revenue, Grants and Other Support</b>				
Minimum Foundation Program (MFP)	\$ 14,022,383	\$ 9,817,654	\$ -	\$ 23,840,037
Federal grants	1,574,071	1,413,345	-	2,987,416
Before and aftercare fees	154,236	77,686	-	231,922
E-rate revenues	14,131	14,426	-	28,557
Interest income	468	684	-	1,152
Total revenue, grants, and other support without donor restrictions	<u>15,765,289</u>	<u>11,323,795</u>	<u>-</u>	<u>27,089,084</u>
<b>Expenses:</b>				
Program services:				
Regular education	8,791,276	6,860,730	-	15,652,006
Special education	1,505,629	1,212,748	-	2,718,377
Other education	124,935	74,143	-	199,078
Total program services	<u>10,421,840</u>	<u>8,147,621</u>	<u>-</u>	<u>18,569,461</u>
Supporting services:				
Management and general	<u>4,780,273</u>	<u>2,734,736</u>	<u>-</u>	<u>7,515,009</u>
Total expenses	<u>15,202,113</u>	<u>10,882,357</u>	<u>-</u>	<u>26,084,470</u>
Change in net assets	563,176	441,438	-	1,004,614
<b><u>NET DEFICIT AT BEGINNING OF THE YEAR</u></b>	<u>(1,964,368)</u>	<u>(2,787,252)</u>	<u>-</u>	<u>(4,751,620)</u>
<b><u>NET DEFICIT AT END OF THE YEAR</u></b>	<u>\$ (1,401,192)</u>	<u>\$ (2,345,814)</u>	<u>\$ -</u>	<u>\$ (3,747,006)</u>

See independent auditors' report.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**ACADIANA RENAISSANCE CHARTER ACADEMY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 3,757,244	\$ 826,893	\$ 87,006	\$ 426,432	\$ 5,097,575
Benefits	719,487	178,563	12,960	89,577	1,000,587
Professional Services	36,675	4,130	-	64,108	104,913
Contracted/Vendor Services	46,187	20,116	-	1,565,056	1,631,359
Professional Development	39,382	4,430	-	-	43,812
Supplies/Materials	477,372	53,689	108	43,850	575,019
Utilities	355,617	39,995	-	11,608	407,220
Repairs and Maintenance	568,617	63,950	-	18,560	651,127
Insurance	124,290	13,978	-	4,200	142,468
Rent	481,480	54,149	-	16,269	551,898
Interest	-	-	-	2,259,510	2,259,510
Depreciation and amortization	1,138,594	128,054	-	37,162	1,303,810
School Board Fees	31,092	3,496	-	-	34,588
Travel	2,553	287	-	2,110	4,950
Marketing/Recruitment	53,733	6,042	-	1,627	61,402
Food Service	277,011	31,155	24,861	1,278	334,305
Technology	44,914	5,051	-	33,310	83,275
Office expense	182,867	20,569	-	103,000	306,436
Student Services	369,563	41,566	-	-	411,129
Property Tax	84,598	9,516	-	2,761	96,875
Other	-	-	-	99,855	99,855
	<u>\$ 8,791,276</u>	<u>\$ 1,505,629</u>	<u>\$ 124,935</u>	<u>\$ 4,780,273</u>	<u>\$ 15,202,113</u>

See independent auditors' report.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**LAFAYETTE RENAISSANCE CHARTER ACADEMY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 2,914,089	\$ 648,466	\$ 59,722	\$ 318,594	\$ 3,940,871
Benefits	587,476	114,529	6,855	70,394	779,254
Professional Services	28,241	3,175	-	131,741	163,157
Contracted/Vendor Services	293,784	104,999	-	865,388	1,264,171
Professional Development	10,025	1,127	-	-	11,152
Supplies/Materials	186,782	21,007	-	13,455	221,244
Utilities	163,339	18,371	-	5,331	187,041
Repairs and Maintenance	365,888	41,151	-	11,944	418,983
Insurance	73,214	8,234	-	2,483	83,931
Rent	402,143	45,226	-	13,636	461,005
Interest	-	-	-	1,213,149	1,213,149
Depreciation and amortization	823,111	92,572	-	26,865	942,548
School Board Fees	22,006	2,475	-	-	24,481
Travel	3,749	422	-	2,795	6,966
Marketing/Recruitment	35,069	3,944	-	1,040	40,053
Food Service	230,436	25,917	7,566	1,069	264,988
Technology	32,923	3,703	-	24,418	61,044
Office expense	99,645	11,208	-	22,802	133,655
Student Services	502,189	56,481	-	-	558,670
Property Tax	86,621	9,741	-	2,827	99,189
Other	-	-	-	6,805	6,805
	<u>\$ 6,860,730</u>	<u>\$ 1,212,748</u>	<u>\$ 74,143</u>	<u>\$ 2,734,736</u>	<u>\$ 10,882,357</u>

See independent auditors' report.

**LAFAYETTE CHARTER FOUNDATION, INC**  
**COMBINING STATEMENT OF FINANCIAL POSITION TO FUND BALANCE RECONCILIATION**  
**JUNE 30, 2021**

	<u>Acadiana</u>	<u>Lafayette</u>	<u>Combined</u>
Total net deficit reported on the combining statement of financial position	\$ (1,401,192)	\$ (2,345,814)	\$ (3,747,006)
Capital assets are not reported for fund balance	(19,370,252)	(9,010,500)	(28,380,752)
Some revenues were collected more than sixty days after year-end and therefore, are not available soon enough to pay for current-period expenditures			
Federal grant revenue	-	(20,632)	(20,632)
Long-term liabilities applicable to the Foundation's governmental fund activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term are in the combining statement of financial position			
Accrued interest payable	195,628	91,335	286,963
Capital lease payable - short term portion	587,791	399,091	986,882
Capital lease payable - long term portion	21,547,291	11,744,646	33,291,937
Compensated absences (included in accrued payroll)	<u>70,835</u>	<u>42,961</u>	<u>113,796</u>
 Total Fund Balance at June 30, 2021	 <u>\$ 1,630,101</u>	 <u>\$ 901,087</u>	 <u>\$ 2,531,188</u>

See independent auditors' report.



**LAFAYETTE CHARTER FOUNDATION, INC**  
**CHANGES IN THE COMBINING STATEMENT OF ACTIVITIES AND CHANGES**  
**IN NET ASSETS TO CHANGES IN FUND BALANCE**  
**FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Acadiana</u>	<u>Lafayette</u>	<u>Combined</u>
Changes in net assets reported on the combining statement of activities and changes in net assets	<u>\$ 563,176</u>	<u>\$ 441,438</u>	<u>\$ 1,004,614</u>
Amounts reported for the financial statements in the combining statement of activities are different due to the following:			
Fund balance reports capital outlays as expenditures.			
However, in the combining statement of activities and changes in net assets the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay and other expenditures capitalized	(338,420)	(666,785)	(1,005,205)
Depreciation and amortization expense for year ended June 30, 2021	1,303,810	942,548	2,246,358
Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.			
Federal grant revenue	-	20,632	20,632
The issuance of long-term debt provides current financial resources to fund balance.			
In the statement of activities and changes in net assets however, issuing debt increases long-term liabilities and does not affect the statement of activities.			
Principal payments on capital lease	(539,156)	(335,589)	(874,745)
Principal payments on notes payable	-	(175,000)	(175,000)
Change in accrued interest payable	2,592	(96,265)	(93,673)
Expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in fund balance.			
Change in compensated absences liability	<u>(2,267)</u>	<u>(24,573)</u>	<u>(26,840)</u>
Change in Net Position - Governmental Activities	<u>\$ 989,735</u>	<u>\$ 106,406</u>	<u>\$ 1,096,141</u>

See independent auditors' report.

**LAFAYETTE CHARTER FOUNDATION, INC.**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO BOARD PRESIDENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Board President, Dr. Mary Louella Riggs-Clark

<u>Purpose</u>	<u>Amount</u>
None	\$ -
	<u>\$ -</u>

See independent auditors' report.

**OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND BY THE  
U.S. OFFICE OF MANAGEMENT AND BUDGET UNIFORM GUIDANCE**

**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 for  
Lafayette Charter Foundation, Inc.  
Lafayette, 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 Lafayette Charter Foundation, Inc. (the Foundation), which are comprised of the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, statement of 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 March 14, 2022.

**Internal Control over Financial Reporting**

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 14, 2022

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

To the Board of Directors for  
Lafayette Charter Foundation, Inc.  
Lafayette, Louisiana

***Report on Compliance for Each Major Federal Program***

We have audited the Lafayette Charter Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2021. The Foundation'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 the Foundation'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; 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 Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

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

### ***Report on Internal Control Over Compliance***

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

The Foundation's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 14, 2022

**LAFAYETTE CHARTER FOUNDATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grantor Project Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures 2021</u>
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>			
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE - 18/19	10.555 <sup>1</sup>	\$ 582,903
National School Breakfast Program	LDE - 18/19	10.553 <sup>1</sup>	165,900
<b>Total US Department of Agriculture</b>			<u>748,803</u>
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	28-21-T1-LK; 28-21-T1-LL	84.010A	847,699
Redesign 1003a Grant		84.010A	5,700
Direct Student Services		84.010A	12,219
			<u>865,618</u>
Special Education, IDEA	28-21-B1-LK; 28-21-B1-LL	84.027A <sup>2</sup>	415,164
Special Education, Preschool Grants	28-21-P1-LK; 28-21-P1-LL	84.173A <sup>2</sup>	1,949
Title II - Part A, Teacher & Principal Training & Recruiting	28-21-50-LK; 28-21-50-LL	84.367A	34,599
Title IV	28-21-71-LK; 28-21-71-LL	84.424A	25,453
Title V	28-21-RLIS-LK; 28-21-RLIS-LL	84.358B	37,223
ESSER - INCENTIVE - COVID-19	28-20-ESRI-LK; 28-20-ESRI-LL	84.425D	29,877
ESSER - FORMULA - COVID-19	28-20-ESRF-LK; 28-20-ESRF-LL	84.425D	456,711
ESSER II - COVID-19	28-21-ES2F-LK; 28-21-ES2F-LL	84.425D	146,335
GEERF - COVID-19	28-20-GERF-LK; 28-20-GERF-LL	84.425C	53,597
ESSER III EB INTERVENTIONS - COVID-19	28-21-ES3F-LK; 28-21-ES3F-LL	84.425U	158,917
REAL - COVID - 19	28-21-REL2-LK; 28-21-REL2-LL	84.425B	13,170
			<u>858,607</u>
<b>Total US Department of Education</b>			<u>2,238,613</u>
<b>Total Federal Expenditures</b>			<u>\$ 2,987,416</u>

<sup>1</sup> Child nutrition cluster - \$748,803

<sup>2</sup> Special education cluster - \$417,113

None of the above listed federal awards were passed through to subgrantees.

See accompanying notes to the schedule of expenditures of federal awards.



**LAFAYETTE CHARTER FOUNDATION, INC**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lafayette Charter Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – DE MINIMUS COST RATE**

During the year ended June 30, 2021, the Lafayette Charter Foundation did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

**LAFAYETTE CHARTER FOUNDATION, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued: Unmodified

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes    \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes      X   no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
<i>Education Stabilization Fund (ESF):</i>	
84.425D	COVID-19 ESSER-Incentive
84:425D	COVID-19 ESSERF Formula
84:425D	COVID-19 ESSERF II
84:425C	COVID-19 GEERF
84:425U	COVID-19ESSER III EB Interventions
84:425B	COVID-19 Real

*Child Nutrition Cluster:*

10.553	School Breakfast Program
10.555	National School Lunch Program

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

- The Foundation was determined to be a low-risk auditee.

**LAFAYETTE CHARTER FOUNDATION, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2021-001) Preparation of Schedule of Expenditures and Federal Awards**

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	<i>Education Stabilization Fund (ESF)</i>
10.553/10.555	<i>Child Nutrition Cluster</i>

**Questioned Costs: N/A**

Criteria: The Uniform Guidance Subpart F section 200.510 requires the preparation of the Schedule of Expenditures of Federal Awards (SEFA) that includes an accurate reporting of federal awards expended based on the terms and conditions of the grants. In order for the SEFA to be prepared accurately and properly report the amounts expended for federal awards, a system of controls should be in existence that includes the timely preparation and review of the amounts reported on the SEFA.

Universe/  
Population Size: None

Sample size: None

Condition: The initial SEFA prepared by the Foundation's personnel did not reconcile the federal expenditures reported on the SEFA to the federal revenue received by granting agency.

Effect: The SEFA provided to us did not contain the correct amounts of federal expenditures which is the basis used to determine the major federal programs to be audited in a fiscal year. Inaccurate reporting may result in improper auditing of the wrong federal programs in any given year and non-compliance with federal regulations

Cause: The Foundation receives multiple sources of revenues, including both federal and state, which fund the costs of the of the charter schools. During the year the Foundation underwent a system conversion which created difficulty in classification of program revenue.

**LAFAYETTE CHARTER FOUNDATION, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT  
(continued)**

**2021-001) Preparation of Schedule of Expenditures and Federal Awards (continued)**

**Recommendation:** The Foundation should strengthen its controls including its review and approval processes over the information and balances that is accumulated and reported on the SEFA to make sure the expenditures reported are an accurate representation of federal costs.

*View of Responsible Official:*

Management is in the process of transitioning its accounting and financial systems to a modern cloud-based software system. As a result of this transition, the reporting structure of the new system did not capture this critical information. While we continue to optimize the new system, we have instituted manual checks and balances to ensure that the information provided in the forthcoming year is accurate.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2020 – 001)                    Preparation of Schedule of Expenditures of Federal Awards  
84.010A Title I**

Condition:                    Out of a population of 669 transactions, we selected a sample of 40 transactions for testing. For two disbursements in the sample, it was noted that the account coding in the general ledger indicated it was a Title I expenditure. Upon review of the invoice, the expenditure was for a different federal grant program. There are no questioned costs as the expenditures were not included in the reimbursement request submitted for the Title I program. However, an audit entry was identified to correct the amount of program expenditures reported on the Schedule of Expenditure of Federal Awards for the Title I program.

Recommendation:        We recommend that the Foundation perform the reconciliation process on a more frequent basis, such as quarterly and at fiscal year-end to ensure that the Schedule of Expenditures of Federal Awards is accurately stated. This reconciliation should be documented and reviewed by someone other than the preparer.

**Current Status: Partially Resolved – see Finding 2021-001**

## **Independent Accountants' Report On Applying Agreed-Upon Procedures**

To the Board Members of the  
Lafayette Charter Foundation,  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Lafayette Charter Foundation for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the Lafayette Charter Foundation is responsible for its performance and statistical data.

The Lafayette Charter Foundation 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 annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

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

*No exceptions noted.*

**Class Size Characteristics (Schedule 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.

*Of the 10 classes selected for Acadiana Renaissance Charter Academy, we noted discrepancies in the number of students in three classes.*

**Number of  
Students Reported Roll Book Counts Difference**

15	14	1
23	24	(1)
24	25	(1)

*Of the 10 classes selected for Lafayette Renaissance Charter Academy, we noted discrepancies in the number of students in eight classes.*

**Number of  
Students Reported Roll Book Counts Difference**

50	51	(1)
46	31	15
22	17	5
33	32	1
29	28	1
27	26	1
25	23	2
57	56	1

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

- We obtained October 1<sup>st</sup> 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).

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

*For 3 out of 25 classroom teachers selected for testing at Lafayette Renaissance Charter Academy, years of experience per personnel file did not agree to the PEP data submitted.*

*For 2 out of 25 classroom teachers selected for testing at Lafayette Renaissance Charter Academy, education level per personnel file did not agree to PEP data submitted.*

**Public School Staff Data: Average Salaries (NO SCHEDULE)**

4. We obtained June 30<sup>th</sup> 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).

*No exceptions noted.*

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

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

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 14, 2022



**Lafayette Charter Foundation**

**Baton Rouge, Louisiana**

**Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data)**

**As of and for the Year Ended June 30, 2021**

**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 (Formerly Schedule 6) 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.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**Lafayette, Louisiana**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2021**

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,035,592	
Other Instructional Staff Activities	262,201	
Instructional Staff Employee Benefits	644,640	
Purchased Professional and Technical Services	1,635,444	
Instructional Materials and Supplies	638,823	
Instructional Equipment	699,191	
Total Teacher and Student Interaction Activities		6,915,891
Other Instructional Activities		3,037,574
Pupil Support Activities	175,643	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		175,643
Instructional Staff Services	491,659	
Less: Equipment for Instructional Staff Services		
Net Instructional Staff Services		491,659
School Administration	656,806	
Less: Equipment for School Administration	-	
Net School Administration		656,806
Total General Fund Instructional Expenditures (Total of Column B)		<u>11,277,573</u>
Total General Fund Equipment Expenditures	\$ 699,191	<u>699,191</u>

**Certain Local Revenue Sources**

Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Penalty and Interest on Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Sales and Use Tax Penalty and Interest		-
Total Local Taxation Revenue		<u>-</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		<u>-</u>
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		<u>-</u>
Nonpublic Textbook Revenue	\$ -	<u>-</u>
Nonpublic Transportation Revenue	\$ -	<u>-</u>

See Independent Accountants' Report.

LAFAYETTE CHARTER FOUNDATION, INC  
Lafayette, Louisiana

Class Size Characteristics  
As of October 1, 2020

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	6.00%	19	93.00%	311	1.00%	3	0.00%	-
Elementary Activity Classes	4.00%	12	90.00%	265	6.00%	18	0.00%	-
Middle/Jr. High	18.00%	27	48.00%	74	34.00%	52	0.00%	-
Middle/Jr. High Activity Classes	51.00%	49	37.00%	36	8.00%	8	4.00%	4
High	91.00%	86	6.00%	6	3.00%	2	0.00%	-
High Activity Classes	73.00%	57	24.00%	19	3.00%	2	0.00%	-
Combination	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Combination Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-

**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 for grades K-3 is 26 students and the maximum enrollment for 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.

See Independent Accountants' Report.

# Lafayette Charter FOUNDATION

www.LafayetteCharterFoundation.org

## Responses to Differences Notated in BESE AUPs

### Class Size Characteristics (Schedule 2)

1. 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.

*Of the 10 classes selected for Acadiana Renaissance Charter Academy, we noted discrepancies in the number of students in three classes.*

<b>Number of Students Reported</b>	<b>Roll Book Counts</b>	<b>Difference</b>
15	14	1
23	24	(1)
24	25	(1)

*Of the 10 classes selected for Lafayette Renaissance Charter Academy, we noted discrepancies in the number of students in eight classes.*

<b>Number of Students Reported</b>	<b>Roll Book Counts</b>	<b>Difference</b>
50	51	(1)
46	31	15
22	17	5
33	32	1
29	28	1
27	26	1
25	23	2
57	56	1

Response: Management will continue to work with school leadership and school staff to strengthen the accuracy between the roll book count and the number of students report to BESE. Additional discussions with our staff will stress the importance of maintaining and reporting accurate school data and additional training will be provided when needed.

# Lafayette Charter FOUNDATION

www.LafayetteCharterFoundation.org

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

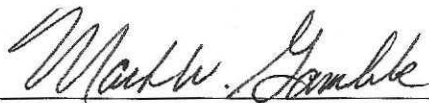
2. We obtained October 1<sup>st</sup> PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation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

*For 3 out of 25 classroom teachers selected for testing at Lafayette Renaissance Charter Academy, years of experience per personnel file did not agree to the PEP data submitted.*

*For 2 out of 25 classroom teachers selected for testing at Lafayette Renaissance Charter Academy, education level per personnel file did not agree to PEP data submitted.*

Response: Management will continue to work with school leadership and school staff to strengthen the accuracy between the documented years of experience and the number of years of experience as well as the education level of each employee that is reported to BESE. Additional discussions with our staff will stress the importance of maintaining and reporting accurate school data and additional training will be provided when needed.

Signature: \_\_\_\_\_



Title: State Financial Director

# Lafayette Charter FOUNDATION

www.LafayetteCharterFoundation.org

## **Board of Trustees**

### **President**

Mary Louella Riggs-Cook,  
Ed.D.

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Nick Pugh  
Murugan Ambalakannu  
Kim Vavasour

## **Corrective Action Plan for the Audit Finding for the year ended June 30, 2021**

### ***Submitted to:***

Postlethwaite & Netterville, APAC  
8550 United Plaza Blvd, Suite 1001  
Baton Rouge, LA 70809

The Lafayette Charter Foundation Inc. respectfully submits the following corrective action plan for the year ended June 30, 2021.

### ***Response to Finding:***

#### **2021-001) Preparation of Schedule of Expenditures and Federal Awards**

Management is in the process of transitioning its accounting and financial systems to a modern cloud-based software system. As a result of this transition, the reporting structure of the new system did not capture this critical information. While we continue to optimize the new system, we have instituted manual checks and balances to ensure that the information provided in the forthcoming year is accurate.

  
Myrna Lainé-Hyppolite

3-11-2022

Date