

# Shreveport Charter Schools, Inc.

## FINANCIAL STATEMENTS

June 30, 2020 and 2019



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

**Shreveport Charter Schools, Inc.**  
**Table of Contents**  
**June 30, 2020 and 2019**

	<b>Page</b>
<b>REPORTS</b>	
Independent Auditors' Report .....	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	7
Statements of Cash Flows .....	9
Notes to Financial Statements .....	10
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	19
Notes to the Schedule of Expenditures of Federal Awards.....	20
Schedule of Compensation Paid to the Board of Trustees.....	21
Schedule of Compensation, Benefits and Other Payments to Agency Head .....	22
Schedules Required by Louisiana State Law (R.S. 24:514) Performance and Statistical Data .....	23
<b>REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	26
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	28
Schedule of Findings and Questioned Costs .....	31
Corrective Action Plan.....	33
Summary Schedule of Prior Audit Findings .....	34



**Shreveport Charter Schools, Inc.**  
**Table of Contents**  
**June 30, 2020 and 2019**

	<b>Page</b>
<b>AGREED-UPON PROCEDURES</b>	
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	35



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

Mailing Address:  
P.O. Box 4278  
Shreveport, LA 71134-0278

(318) 222-2222  
(318) 226-7150 (fax)  
CRlcpa.com

## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 present fairly, in all material respects, the financial position of Shreveport Charter Schools, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation Paid to the Board of Trustees and Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

The Performance and Statistical Data schedules are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2021, on our consideration of Shreveport Charter Schools, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shreveport Charter Schools, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport Charter Schools, Inc.'s internal control over financial reporting and compliance.

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

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
March 4, 2021

**Shreveport Charter Schools, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current assets		
Cash	\$ 4,090,560	\$ 2,298,948
Grants and other receivables	1,414,822	1,129,690
Prepaid expenses and other current assets	23,349	10,747
Total current assets	<b>5,528,731</b>	<b>3,439,385</b>
Property and equipment		
Furniture, fixtures and equipment	287,436	266,158
Playground equipment	35,591	35,591
Projects	211,867	211,867
Textbooks	208,222	208,222
Kitchen equipment	46,801	17,698
IT equipment	821,507	538,062
Title I equipment	183,963	183,963
Audio equipment	86,677	15,721
Leasehold improvements	4,077	4,077
Less: accumulated depreciation	<b>(894,302)</b>	<b>(665,099)</b>
Net property and equipment	<b>991,839</b>	<b>816,260</b>
Total assets	<b>\$ 6,520,570</b>	<b>\$ 4,255,645</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 13,286	\$ 43,341
Accrued expenses	260,009	163,753
Accrued payroll and benefits	453,668	474,670
Total current liabilities	<b>726,963</b>	<b>681,764</b>
Long-term liabilities		
Long-term debt	1,385,415	-
Total long-term liabilities	<b>1,385,415</b>	<b>-</b>
Total liabilities	<b>2,112,378</b>	<b>681,764</b>
Net assets		
Without donor restrictions	4,408,192	3,573,881
With donor restrictions	-	-
Total net assets	<b>4,408,192</b>	<b>3,573,881</b>
Total liabilities and net assets	<b>\$ 6,520,570</b>	<b>\$ 4,255,645</b>

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

**Shreveport Charter Schools, Inc.**  
**Statement of Activities**

<i>For the year ended June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
State public school funding	\$ 10,120,676	\$ -	\$ 10,120,676
Federal grants	1,105,512	-	1,105,512
Federal school lunch program	922,217	-	922,217
Other income	120,172	-	120,172
Interest income	1,248	-	1,248
<b>Total support and revenue</b>	<b>12,269,825</b>	<b>-</b>	<b>12,269,825</b>
<b>Expenses</b>			
Program services			
Education Programs	8,471,024	-	8,471,024
Supporting services			
Management and general	2,964,490	-	2,964,490
<b>Total expenses</b>	<b>11,435,514</b>	<b>-</b>	<b>11,435,514</b>
<b>Change in net assets</b>	<b>834,311</b>	<b>-</b>	<b>834,311</b>
Net assets, beginning of year	3,573,881	-	3,573,881
Net assets, end of year	\$ 4,408,192	\$ -	\$ 4,408,192

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



**Shreveport Charter Schools, Inc.**  
**Statement of Activities**

<i>For the year ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
State public school funding	\$ 9,597,073	\$ -	\$ 9,597,073
Federal grants	978,811	-	978,811
Federal school lunch program	787,255	-	787,255
Other income	41,701	-	41,701
Interest income	766	-	766
<b>Total support and revenue</b>	<b>11,405,606</b>	<b>-</b>	<b>11,405,606</b>
<b>Expenses</b>			
Program services			
Education Programs	7,775,767	-	7,775,767
Supporting services			
Management and general	2,989,042	-	2,989,042
<b>Total expenses</b>	<b>10,764,809</b>	<b>-</b>	<b>10,764,809</b>
<b>Change in net assets</b>	<b>640,797</b>	<b>-</b>	<b>640,797</b>
Net assets, beginning of year	2,933,084	-	2,933,084
Net assets, end of year	\$ 3,573,881	\$ -	\$ 3,573,881

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

**Shreveport Charter Schools, Inc.**  
**Statement of Functional Expenses**

*For the Year Ended June 30, 2020*

	Program Services	Supporting Services	Total
	Education Program	Management and General	Expenses
Salaries	\$ 4,514,986	\$ 1,589,187	\$ 6,104,173
Benefits	427,792	182,775	610,567
Payroll taxes	342,653	122,912	465,565
Professional services	224,996	368,111	593,107
Contracted and vendor services	93,999	7,261	101,260
Supplies and materials	391,947	70,873	462,820
Utilities	217,805	-	217,805
Repairs and maintenance	280,857	-	280,857
Insurance	51,135	57,508	108,643
Interest	-	2,907	2,907
Depreciation	229,203	-	229,203
Administration fees	-	204,701	204,701
Travel	60,219	48,868	109,087
Marketing and recruitment	-	62,178	62,178
Transportation	805,494	-	805,494
Food service	760,437	4,013	764,450
Office expense	18,372	5,593	23,965
Student services	11,495	-	11,495
Athletic activities	38,846	-	38,846
Management fees	-	225,728	225,728
Dues and fees	-	5,222	5,222
Other	788	6,653	7,441
<b>Total Expenses</b>	<b>\$ 8,471,024</b>	<b>\$ 2,964,490</b>	<b>\$ 11,435,514</b>

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

**Shreveport Charter Schools, Inc.**  
**Statement of Functional Expenses**

*For the Year Ended June 30, 2019*

	Program Services	Supporting Services	
	Education Program	Management and General	Total Expenses
Salaries	\$ 4,311,407	\$ 1,487,847	\$ 5,799,254
Benefits	287,777	221,161	508,938
Payroll taxes	336,222	109,479	445,701
Professional services	136,428	412,190	548,618
Contracted and vendor services	74,156	17,381	91,537
Supplies and materials	315,368	76,039	391,407
Utilities	223,938	-	223,938
Repairs and maintenance	376,757	-	376,757
Insurance	20,681	44,890	65,571
Depreciation	187,800	-	187,800
Administration fees	-	195,241	195,241
Travel	53,375	42,156	95,531
Marketing and recruitment	-	74,070	74,070
Transportation	756,566	-	756,566
Food service	638,068	19,002	657,070
Office expense	19,367	5,724	25,091
Student services	22,734	-	22,734
Athletic activities	14,673	-	14,673
Management fees	-	248,638	248,638
Dues and fees	-	11,587	11,587
Other	450	23,637	24,087
<b>Total Expenses</b>	<b>\$ 7,775,767</b>	<b>\$ 2,989,042</b>	<b>\$ 10,764,809</b>

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

**Shreveport Charter Schools, Inc.**  
**Statements of Cash Flows**

<i>For the years ended June 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 834,311	\$ 640,797
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	229,203	187,800
Bad debts	-	226
(Increase) decrease in		
Grants and other receivables	(285,132)	1,880,386
Prepaid expenses and other current assets	(12,602)	(10,747)
Increase (decrease) in		
Accounts payable	(30,055)	(277,182)
Accrued expenses	96,256	(249,843)
Accrued payroll and benefits	(21,002)	104,507
<b>Net cash provided by (used in) operating activities</b>	<b>810,979</b>	<b>2,275,944</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(404,782)	(439,355)
<b>Net cash provided by (used in) investing activities</b>	<b>(404,782)</b>	<b>(439,355)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loan	1,385,415	-
<b>Net cash provided by (used in) financing activities</b>	<b>1,385,415</b>	<b>-</b>
<b>Net change in cash</b>	<b>1,791,612</b>	<b>1,836,589</b>
<b>Cash - beginning of year</b>	<b>2,298,948</b>	<b>462,359</b>
<b>Cash - end of year</b>	<b>\$ 4,090,560</b>	<b>\$ 2,298,948</b>

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

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

### **Note 1: NATURE OF ORGANIZATION**

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

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

Since the charter contract was not renewed, Shreveport Charter Schools, Inc. alternatively has entered into a management agreements each year with the Louisiana Department of Education through its Recovery School District for the 2018 – 2020 school years to manage and operate the school. The 2019 – 2020 agreement terminated on June 30, 2020. Another management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2020. See Note 12 Subsequent Events.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

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

#### ***Financial Statement Presentation***

The School has adopted the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 “Not-for Profit Entities.” Under FASB ASC 958, the School is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash consists of demand deposit balances and represents cash available for general operating purposes. Cash equivalents include all highly liquid investments with an original maturity of 90 days or less. The School did not have any cash equivalents at June 30, 2020 or 2019.

***Grants and Other Receivables***

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

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

***Property and Equipment***

All acquisitions of property and equipment and betterments greater than \$3,000 individually or greater than \$5,000 in aggregate that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized at cost. Contributed property and equipment is recorded at fair value at the date of donation. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (three to fifteen years).

Furniture, fixtures and equipment	3 – 15 Years
Leasehold improvements	7 – 15 Years

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Compensated Absences***

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

***Net Assets***

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

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. Some net assets without donor restrictions may be designated by the governing board of the School for specific purposes. The governing board has not designated, from net assets without donor restrictions, any net assets for a specific purpose as of June 30, 2020 or 2019.

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

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

***Contribution and Revenue Recognition***

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 statement of activities as net assets released from restrictions.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

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

***Functional Expense Allocation***

The majority of expenses reported in the financial statements can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated among program and supporting services benefited. Expenses are allocated based on management's best estimate of time and effort or square footage. There were no such allocated expenses during the years ended June 30, 2020 or 2019.

***Advertising Costs***

The School uses advertising to promote its services among the population it serves. Advertising costs are charged to expense when incurred. During the years ended June 30, 2020 and 2019, advertising expenses totaled \$56,055 and \$68,447, respectively.

***Income Taxes***

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

The School has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the School's income tax returns. Management evaluated the School's tax positions and concluded that they had taken no uncertain tax positions that required adjustments to the financial statements to comply with the provisions of this guidance.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 4, 2021. See Note 12 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***New Accounting Standard***

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for fiscal years beginning after December 15, 2018. On July 1, 2019 the School applied the provisions of this ASU on a modified prospective basis. The adoption of this standard had no effect on net assets or the change in net assets.

***Recent Accounting Pronouncements***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize 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. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. In August 2015, the FASB issued ASU No. 2015-14, which deferred the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. In June 2020, FASB issued ASU 2020-05 which allowed a deferral of the effective date of ASU 2014-09 until annual reporting periods beginning after December 15, 2019. The School is currently evaluating the impact of the guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In November 2019, the FASB issued ASU No. 2019-10, which deferred the effective date of ASU No. 2016-02 one year, making it effective for fiscal years beginning after December 15, 2020. In June 2020, FASB issued ASU 2020-05 which allowed a deferral of the effective date of ASU 2016-02 until annual reporting periods beginning after December 15, 2021. The School is currently evaluating the impact of the guidance on its financial statements.

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

**Note 3: LIQUIDITY OF FINANCIAL ASSETS**

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

<i>June 30,</i>	<b>2020</b>	2019
Cash	\$ 4,090,560	\$ 2,298,948
Grant and other receivables	1,414,822	1,129,690
Total financial assets available to meet general expenditures within one year	 \$ 5,505,382	 \$ 3,428,638

**Note 4: GRANTS AND OTHER RECEIVABLES**

At June 30, 2020 and 2019, grants and other receivables totaled \$1,414,822 and \$1,129,690, respectively, which were primarily for Minimum Foundation Program (MFP) funding and federal and state grants passed through the Louisiana Department of Education. The stated balances are considered fully collectible.

**Note 5: USE OF SCHOOL FACILITIES**

Effective July 1, 2009, the School entered into an agreement with the BESE, which allows the School to use the facilities and its contents located at 401 West 70<sup>th</sup> Street, Shreveport, Louisiana 71106. The agreement expired on June 30, 2012, and BESE granted extensions for an additional two years ending June 30, 2014, and for an additional three years ending June 30, 2017. The School entered into a management agreement with the Louisiana Department of Education through its Recovery School District each year for the 2018 - 2020 school years which allowed for continued use of the school facilities and contents. The 2019 – 2020 agreement terminated on June 30, 2020. A new management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2020 and allows the School to continue to operate for the 2020 – 2021 school year and continue to use its current facility. See Note 12 Subsequent Events.

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

**Note 5: USE OF SCHOOL FACILITIES (Continued)**

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

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

Use of the property is not recorded as an in-kind contribution from or related rent expense to Recovery School District. The value of the use of land and the building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in the future years has not been recorded.

Depreciation expense totaled \$229,203 and \$187,800, respectively, for the years ended June 30, 2020 and 2019.

**Note 6: LONG TERM DEBT**

Long term debt consists of a Paycheck Protection Program (PPP) loan in the amount of \$1,385,415 dated April 13, 2020. The loan is administered by the U.S. Small Business Administration (SBA) and serviced by Hope Federal Credit Union. The loan is forgivable by the SBA if the forgiveness criteria is met. If not forgiven, the loan has a two year maturity, bearing interest at 1%, with payments deferred for sixteen months. See Note 10. There was no long term debt outstanding at June 30, 2019.

Interest expense related to the loan was \$2,886 for the year ended June 30, 2020.

Principal maturities in subsequent years ending June 30 are as follows:

2021	\$ -
2022	1,385,415
<hr/>	
Total	\$ 1,385,415

**Note 7: RISK MANAGEMENT**

The School is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2020 and 2019.

**Note 8: CONCENTRATIONS AND CREDIT RISK**

The School received 82% and 84% of its total revenues from the State of Louisiana, subject to its charter school contract with the state for the years ended June 30, 2020 and 2019, respectively.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The School also had securities pledged on any cash deposits not secured by the FDIC. At June 30, 2020, the School's deposits were fully insured or collateralized. At June 30, 2019, the School's deposits were under collateralized by \$410,450.

**Note 9: LITIGATION**

The School is named as a defendant in a lawsuit. The case was settled after year end. Per the settlement agreement Linwood will pay \$10,000 which is not covered by insurance. The remaining settlement and any legal fees incurred by the School will be covered by a third party's insurance carrier.

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

**Note 10: CONTINGENCIES**

On April 13, 2020, the School qualified for and received a loan in the amount of \$1,385,415 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP provides small businesses and nonprofits with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (SBA) with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

**Note 10: CONTINGENCIES (Continued)**

The loan is a two year loan with a maturity date of April 13, 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first sixteen monthly payments deferred. It is the School's intent to apply for loan forgiveness under the provisions of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The School is eligible for loan forgiveness in an amount equal to payments made during the 24 week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. The School used all loan proceeds to partially subsidize direct payroll expenses.

To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1% per annum, and commencing in August 2021 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

**Note 11: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the School. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**Note 12: SUBSEQUENT EVENTS**

Effective as of July 1, 2020, Shreveport Charter Schools, Inc. entered into a Management Agreement with the Louisiana Department of Education through its Recovery School District to manage and operate the school under the oversight of the Recovery School District for the 2020 – 2021 school year. The agreement will terminate on June 30, 2021. At that time a new management agreement will be executed with Shreveport Charter Schools, Inc. or a new charter operator will be identified and take over management and operations of the School.

Management has evaluated all subsequent events through March 4, 2021, the date which the financial statements were available to be issued.

**Supplementary Information**

**Shreveport Charter Schools, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>United States Department of Education</b>				
Passed through Louisiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	S010A190018	\$ -	\$ 736,517
Supporting Effective Instruction State Grants	84.367	S367A190017	-	123,908
Student Support and Academic Enrichment Program	84.424	S424A190019	-	21,230
Special Education Cluster				
Special Education - Grants to States	84.027	H027A190033	-	221,917
Special Education - Preschool Grants	84.173	H173A190082	-	1,940
Total Special Education Cluster			-	223,857
Total United States Department of Education			-	1,105,512
<b>United States Department of Agriculture</b>				
Passed through Louisiana Department of Education				
Child and Adult Care Food Program	10.558	N/A	-	9,450
Fresh Fruit and Vegetable Program	10.582	N/A	-	23,946
Child Nutrition Cluster				
National School Lunch Program	10.555	N/A	-	440,442
School Breakfast Program	10.553	N/A	-	246,125
COVID-19 - Summer Food Service Program for Children	10.559	N/A	-	202,254
Total Child Nutrition Cluster			-	888,821
Total United States Department of Agriculture			-	922,217
Total expenditures of federal awards			\$ -	\$ 2,027,729

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

**Shreveport Charter Schools, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

**Note 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Shreveport Charter Schools, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

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

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures are recognized following the cost principles contained in the Uniform Guidance. The School has not elected to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

**Note 4: SUBRECIPIENTS**

During the year ended June 30, 2020, Shreveport Charter Schools, Inc. had no subrecipients.

**Note 5: LOANS**

During the year ended June 30, 2020, Shreveport Charter Schools, Inc. did not expend federal awards related to loans or loan guarantees.

**Note 6: NON-CASH AWARDS**

During the year ended June 30, 2020, Shreveport Charter Schools, Inc. did not receive any non-cash assistance.



**Shreveport Charter Schools, Inc.**  
**Schedule of Compensation Paid to the Board of Trustees**  
**For the year ended June 30, 2020**

There was no compensation paid to the Board of Trustees for the year ended June 30, 2020.

*See Independent Auditors' Report.*

**Shreveport Charter Schools, Inc.**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**For the year ended June 30, 2020**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 132,835
State Stipend	4,000
Other Stipend	800
Bonus	13,485
Benefits-insurance	11,083
Reimbursements	10,362
Travel	2,732
Other (PTO payout and cell phone)	1,427

*See Independent Auditors' Report.*

**Shreveport Charter Schools, Inc.**  
**Schedules Required by Louisiana State Law (R.S. 24:514)**  
**Performance and Statistical Data**  
**As of and for the year ended June 30, 2020**

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

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

**Schedule 2 – Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

**Shreveport Charter Schools, Inc.**  
**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**  
**For the year ended June 30, 2020**  
**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 2,889,711
Other Instructional Staff Activities	210,833
Instructional Staff Employee Benefits	603,246
Purchased Professional and Technical Services	109,134
Instructional Materials and Supplies	428,330
Instructional Equipment	304,723
Total Teacher and Student Interaction Activities	\$ 4,545,977
Other Instructional Activities	-
Pupil Support Activities	438,014
Less: Equipment for Pupil Support Activities	-
Net Pupil Support Activities	438,014
Instructional Staff Services	708,198
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	708,198
School Administration	1,967,384
Less: Equipment for School Administration	-
Net School Administration	1,967,384
Total General Fund Instructional Expenditures	\$ 7,659,573
Total General Fund Equipment Expenditures	\$ 304,723

**Certain Local Revenue Sources**

Local Taxation Revenue	
Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ -
Local Earnings on Investment in Real Property:	
Earnings from the 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -
State Revenue in Lieu of Taxes	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ -
Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -

*See Independent Auditors' Report.*

**Shreveport Charter Schools, Inc.**  
**Class Size Characteristics**  
**As of October 1, 2019**  
**Schedule 2**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	22%	67	69%	208	9%	26	0%	-
Elementary Activity Classes	49%	24	51%	25	0%	0	0%	-

**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.



**Carr, Riggs & Ingram, LLC**

1000 East Preston Avenue

Suite 200

Shreveport, LA 71105

Mailing Address:

P.O. Box 4278

Shreveport, LA 71134-0278

(318) 222-2222

(318) 226-7150 (fax)

CRIcpa.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 March 4, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Shreveport Charter Schools, Inc.'s internal control over financial reporting (internal control) 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 Shreveport Charter Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Charter Schools, Inc.'s internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shreveport Charter Schools, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain other matters that we reported to management of Shreveport Charter Schools, Inc. in a separate letter dated March 4, 2021.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
March 4, 2021

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

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

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

We have audited Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s major federal programs for the year ended June 30, 2020. Shreveport Charter Schools, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the 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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s compliance.



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

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

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

Management of Shreveport Charter Schools, Inc. 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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Shreveport Charter Schools, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Shreveport Charter Schools, Inc.'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.

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

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana

March 4, 2021

**Shreveport Charter Schools, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None noted
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
A separate management letter was issued on March 4, 2021.	
Type of auditors’ report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	Yes

Identification of major programs:

CFDA Number	Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?	Yes
---	-----

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted

**Shreveport Charter Schools, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2020-001** Title I Expenditures

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number: S010A190018

Award Year: 2020

Federal Agency: United States Department of Education

Pass-Through Entity: Louisiana Department of Education

Criteria: 2 CFR 200.303 requires the entity to establish and maintain controls over compliance with respect to federal awards. Internal controls should be in place to ensure only allowable activities and costs related to the program are charged to Title I.

Condition: Two unallowable expenditures were charged to Title I and reimbursed with program funds.

Cause: The controls in place to ensure compliance with program requirements related to allowable activities and costs are not operating effectively.

Effect: Expenditures not related to Title I were requested and reimbursed by the program.

Questioned Cost: \$287

Perspective: Two of the thirteen Title I vendor disbursements tested contained unallowable expenditures. The sample was not statistically valid.

Repeat Finding: No

Recommendation: We recommend that all expenditures charged to Title I be evaluated to ensure they are allowable prior to requesting the expenditure for reimbursement from Title I funds. We also recommend that the approved purchase order identify the purchase as Title I and state the business purpose and how it relates to Title I.

Views of Responsible Officials: The proper action will be taken to prevent this re-occurrence.



**Shreveport Charter Schools, Inc.**

Corrective Action Plan  
June 30, 2020

**Financial Statement Findings**

None noted

**Federal Award Findings and Questioned Costs**

2020-001 Title I Expenditures

Condition: Two unallowable expenditures were charged to Title I and reimbursed with program funds.

Corrective Action Plan: All Title I expenditures will be evaluated prior to payment to ensure that the purchase(s) are Title I related.

Person Responsible for Corrective Action: Director of Finance

Anticipated Completion Date: Immediately



**Shreveport Charter Schools, Inc.**

Summary Schedule of Prior Audit Findings  
June 30, 2020

**Financial Statement Findings**

2019-001 Accrued Liabilities

Fiscal Year in Which the Finding Initially Occurred: 2019

Condition: The School did not identify and properly accrue as liabilities one invoice for services and payroll taxes and there was an under accrual of vacation pay; all which cause misstatements in the account balances at year end.

Status: Resolved.

**Federal Award Findings and Questioned Costs**

None



**Carr, Riggs & Ingram, LLC**

1000 East Preston Avenue  
Suite 200  
Shreveport, LA 71105

Mailing Address:  
P.O. Box 4278  
Shreveport, LA 71134-0278

(318) 222-2222  
(318) 226-7150 (fax)  
CRLcpa.com

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

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

We have performed the procedures enumerated below, which were agreed to by Shreveport Charter Schools, Inc.; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Shreveport Charter Schools, Inc. for the fiscal year ended June 30, 2020 and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of Shreveport Charter Schools, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

Results: No exceptions were noted.

### Class Size Characteristics (Schedule 2)

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

Results: No exceptions were noted.

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

3. 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.

Results: No exceptions were noted.

### 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).

Results: No exceptions were noted.

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



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

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

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana

March 4, 2021



**Carr, Riggs & Ingram, LLC**

1000 East Preston Avenue  
Suite 200  
Shreveport, LA 71105

Mailing Address:

P.O. Box 4278  
Shreveport, LA 71134-0278

(318) 222-2222

(318) 226-7150 (fax)

CRlcpa.com

## **Management Letter**

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

We have audited the financial statements of Shreveport Charter Schools, Inc. as of and for the year ended June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated March 4, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance.

As a part of our examination, we have issued our report on the financial statements, dated March 4, 2021, and our report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards and on compliance for each major program and internal control over compliance required by the Uniform Guidance dated March 4, 2021.

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

### **MLC 2020-001 Title I Expenditures**

Year of Origination – June 30, 2020

*Observation:* Title I expenditures should be allowable for the program and supported by proper documentation that agrees to the amount of the expenditure. During testing of Title I vendor disbursements it was noted that two expenditures not related to Title I were charged to the program which is unallowable. Both expenditures were for credit card charges. Support for one disbursement did not agree to the amount charged to Title I. The support was a summary of charges for the estimated total. The receipt reflecting the actual amount charged was not on file. Controls in place to ensure expenditures are allowable and have proper supporting documentation that agrees to the expenditure is maintained on file do not appear to be operating effectively. As a result, two unallowable expenditures, one of which did not have proper supporting documentation, were charged to Title I.

*Recommendations:* We recommend that the business purpose and how the expenditure relates to Title I be documented on the purchase order and/or the supporting documentation. We also recommend that allowability in accordance with the federal program and cost principles specifically be considered when approving Title I expenditures. We also recommend that supporting documentation which agrees to the amount of the expenditure be maintained on file with the purchase order. We also recommend that the School strictly enforce the Credit Card policy. The policy requires that receipts be turned in for all purchases made with the School credit card within one week of the purchase. We also recommend that the School ensure all receipts are turned in prior to payment of the credit card statement.

*Views of responsible officials and corrective actions:* All Title I purchase orders will be documented with the intended purpose. Receipts will be reviewed and amount of purchase will reconciled and agree with the amount of that particular expense. The company will comply with the enforcement of its credit card policy.

We recommend management address the foregoing issue as an improvement to operations and the administration of public programs. We are available to further explain the suggestion or help implement the recommendation.

This report is intended solely for the information and use of the Board of Trustees of Shreveport Charter Schools, Inc., management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

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

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
March 4, 2021