



Shreveport Charter Foundation, Inc.

FINANCIAL STATEMENTS

June 30, 2022 and 2021

REPORT

Independent Auditors' Report 1

FINANCIAL STATEMENTS

Statements of Financial Position..... 4

Statements of Activities 5

Statements of Functional Expenses 7

Statements of Cash Flows 9

Notes to the Financial Statements..... 10

Supplementary Information

 Schedule of Compensation Paid to the Board of Trustees..... 22

 Schedule of Compensation, Benefits and Other Payments to Agency Head..... 23

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards* 24

Schedule of Findings and Questioned Costs 26



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shreveport Charter Foundation, Inc. as of June 30, 2022 and 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation Paid to the Board of Trustees and the Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for purposes of additional analysis and are 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 6, 2023, on our consideration of Shreveport Charter Foundation, 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 Foundation, 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 Foundation, Inc.'s internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

March 6, 2023

Shreveport Charter Foundation, Inc.
Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash	\$ 610,622	\$ 762,427
Grant and other receivables	167,465	238,169
Due from management company	29,628	-
Prepaid expenses and other current assets	58,331	51,028
Total current assets	866,046	1,051,624
Property and equipment		
Real estate and buildings held under capital leases	28,813,183	28,813,183
Furniture, fixtures and equipment held under capital leases	1,810,821	1,810,821
Less: accumulated amortization	(10,545,212)	(9,344,312)
Furniture, fixtures and equipment	1,547,326	1,450,980
Less: accumulated depreciation	(1,212,013)	(1,020,894)
Net property and equipment	20,414,105	21,709,778
Other assets		
Deposits	35,533	36,333
Total other assets	35,533	36,333
Total assets	\$ 21,315,684	\$ 22,797,735
Liabilities and Net Assets (Deficit)		
Current liabilities		
Accounts payable	78,671	88,253
Capital lease payable, current	497,729	431,506
Accrued expenses	564,013	755,521
Due to management company	-	192,848
Due to other schools	14,474	-
Total current liabilities	1,154,887	1,468,128
Long-term liabilities		
Interest payable	1,328,057	1,341,295
Capital lease payable, long-term	27,663,115	28,160,844
Total long-term liabilities	28,991,172	29,502,139
Total liabilities	30,146,059	30,970,267
Net assets (deficit)		
Without donor restrictions	(8,830,375)	(8,172,532)
With donor restrictions	-	-
Total net assets (deficit)	(8,830,375)	(8,172,532)
Total liabilities and net assets (deficit)	\$ 21,315,684	\$ 22,797,735

Shreveport Charter Foundation, Inc.
Statement of Activities

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Minimum Foundation Program	\$ 12,735,480	\$ -	\$ 12,735,480
Federal grants	1,334,148	-	1,334,148
Contribution from CSUSA	338,124	-	338,124
Debt forgiveness	1,736,066	-	1,736,066
Other income	232,637	-	232,637
Total support and revenue	16,376,455	-	16,376,455
Expenses			
Program services			
Regular education	8,133,789	-	8,133,789
Special education	1,669,267	-	1,669,267
Other education	159,005	-	159,005
Supporting services			
Management and general	7,072,237	-	7,072,237
Total expenses	17,034,298	-	17,034,298
Change in net assets	(657,843)	-	(657,843)
Net assets (deficit), beginning of period	(8,172,532)	-	(8,172,532)
Net assets (deficit), end of period	\$ (8,830,375)	\$ -	\$ (8,830,375)

Shreveport Charter Foundation, Inc.
Statement of Activities

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Minimum Foundation Program	\$ 11,679,202	\$ -	\$ 11,679,202
Federal grants	823,186	-	823,186
Contribution from CSUSA	493,658	-	493,658
Debt forgiveness	1,389,673	-	1,389,673
Other income	121,859	-	121,859
Total support and revenue	14,507,578	-	14,507,578
Expenses			
Program services			
Regular education	8,389,942	-	8,389,942
Special education	1,490,960	-	1,490,960
Other education	22,817	-	22,817
Supporting services			
Management and general	5,508,661	-	5,508,661
Total expenses	15,412,380	-	15,412,380
Change in net assets	(904,802)	-	(904,802)
Net assets (deficit), beginning of period	(7,267,730)	-	(7,267,730)
Net assets (deficit), end of period	\$ (8,172,532)	\$ -	\$ (8,172,532)

Shreveport Charter Foundation, Inc.
Statement of Functional Expenses

For the Year Ended June 30,

2022

	Program Services				Supporting Services	Total Expenses
	Regular Education	Special Education	Other Education	Total Program Services	Management and General	
Salaries	\$ 3,737,660	\$ 942,881	\$ 53,114	\$ 4,733,655	\$ 405,844	\$ 5,139,499
Benefits	570,580	114,999	7,851	693,430	166,432	859,862
Professional services	6,869	1,098	-	7,967	368,048	376,015
Contracted and vendor services	46,141	7,372	-	53,513	2,021,184	2,074,697
Professional development	79,762	12,745	-	92,507	93	92,600
Supplies and materials	412,240	66,002	-	478,242	6,062	484,304
Utilities	441,608	70,561	-	512,169	26,737	538,906
Repairs and maintenance	720,968	115,198	-	836,166	43,878	880,044
Insurance	129,460	20,685	-	150,145	7,864	158,009
Rent	38,390	6,134	-	44,524	2,332	46,856
Interest	-	-	-	-	2,990,577	2,990,577
Depreciation and amortization	1,140,507	182,233	-	1,322,740	69,278	1,392,018
School board fees	220,160	35,178	-	255,338	-	255,338
Travel	51,790	8,275	-	60,065	17,438	77,503
Marketing and recruitment	1,693	270	-	1,963	151,480	153,443
Food service	431,582	68,959	98,040	598,581	-	598,581
Technology	68,151	10,889	-	79,040	22,947	101,987
Office expense	21,706	3,468	-	25,174	26,330	51,504
Student services	14,522	2,320	-	16,842	-	16,842
Other	-	-	-	-	745,713	745,713
Total Functional Expenses	\$ 8,133,789	\$ 1,669,267	\$ 159,005	\$ 9,962,061	\$ 7,072,237	\$ 17,034,298

Shreveport Charter Foundation, Inc.
Statement of Functional Expenses

For the Year Ended June 30,

2021

	Program Services				Supporting Services	Total Expenses
	Regular Education	Special Education	Other Education	Total Program Services	Management and General	
Salaries	\$ 3,340,710	\$ 774,053	\$ 20,470	\$ 4,135,233	\$ 539,017	\$ 4,674,250
Benefits	558,263	99,153	2,347	659,763	116,982	776,745
Professional services	49,464	6,804	-	56,268	52,260	108,528
Contracted and vendor services	840,487	115,613	-	956,100	887,215	1,843,315
Professional development	21,193	2,915	-	24,108	-	24,108
Supplies and materials	285,028	39,207	-	324,235	14,479	338,714
Utilities	372,295	51,211	-	423,506	22,181	445,687
Repairs and maintenance	623,455	85,759	-	709,214	40,061	749,275
Insurance	114,970	15,815	-	130,785	6,926	137,711
Interest	-	-	-	-	3,029,848	3,029,848
Depreciation and amortization	1,242,601	170,926	-	1,413,527	74,033	1,487,560
School board fees	331,781	45,638	-	377,419	-	377,419
Travel	14,338	1,972	-	16,310	4,735	21,045
Marketing and recruitment	184,801	25,420	-	210,221	10,927	221,148
Food service	319,143	43,900	-	363,043	79	363,122
Technology	31,970	4,398	-	36,368	9,920	46,288
Office expense	44,349	6,100	-	50,449	13,402	63,851
Student services	15,094	2,076	-	17,170	-	17,170
Other	-	-	-	-	686,596	686,596
Total Functional Expenses	\$ 8,389,942	\$ 1,490,960	\$ 22,817	\$ 9,903,719	\$ 5,508,661	\$ 15,412,380

Shreveport Charter Foundation, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ (657,843)	\$ (904,802)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,392,018	1,487,560
(Increase) decrease in		
Grant and other receivables	70,704	14,382
Due from management company	(29,628)	-
Prepaid expenses and other current assets	(7,303)	(48,382)
Deposits	800	7,720
Increase (decrease) in		
Accounts payable	(9,582)	50,574
Accrued expenses	(191,508)	246,421
Due to management company	(192,848)	301,226
Due to other schools	14,474	-
Interest payable	(13,238)	7,395
Net cash provided by (used in) operating activities	376,046	1,162,094
Investing Activities		
Purchase of property and equipment	(96,345)	(325,459)
Net cash provided by (used in) investing activities	(96,345)	(325,459)
Financing Activities		
Payments on capital leases	(431,506)	(370,014)
Net cash provided by (used in) financing activities	(431,506)	(370,014)
Net increase (decrease) in cash	(151,805)	466,621
Cash - beginning of period	762,427	295,806
Cash - end of period	\$ 610,622	\$ 762,427
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 2,990,577	\$ 3,022,453

Shreveport Charter Foundation, Inc. Notes to the Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Shreveport Charter Foundation, Inc. (the Foundation), a Louisiana nonprofit corporation, was formed on February 27, 2012, exclusively for educational purposes. The Foundation has entered into a Type 1 charter school contract with Caddo Parish School Board (CPSB) to operate the Magnolia School of Excellence (the Charter School) for students in Caddo Parish, Louisiana. The lower campus includes grades kindergarten through fifth grade. The upper campus includes grades six through twelve. The original charter agreement with CPSB dated February 5, 2013 was for an initial term of five years. The charter agreement has been renewed for an additional three years in 2018. The second renewal of the charter contract was approved by the Caddo Parish School Board in 2021 for another three years.

The Foundation is an independent nonprofit entity, separate and distinct from the Caddo Parish School Board, the primary government and reporting entity. However, the Foundation is a component unit of CPSB and the Foundation's financial statements are included in the CPSB's basic financial statements as a component unit. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Foundation is included in the reporting entity because it is fiscally dependent on the CPSB for the majority of its revenue, and because exclusion would render the CPSB's financial statements incomplete or misleading.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

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

Shreveport Charter Foundation, Inc.
Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash consists of demand deposit balances and represents cash available for general operating purposes. The Foundation classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. The Foundation did not have any cash equivalents at June 30, 2022 and 2021.

Grant and Other Receivables

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

The Foundation 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

Acquisitions of property and equipment and betterments of \$750 or more 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 Foundation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives used in computing depreciation are as follows:

Buildings	20 – 30 Years
Leasehold improvements	5 – 15 Years
Furniture, fixtures and equipment	3 – 10 Years

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

Depreciation expense, which includes amortization expense of capital lease assets, incurred for the years ended June 30, 2022 and 2021, was \$1,392,018 and \$1,487,560 respectively.

Compensated Absences

Employees may accrue between 8 and 26 days per year of paid time off depending on length of service and classification. A maximum of 5 days (40 hours) of paid time off can be carried over from year to year. Earned but unused paid time off is eligible for payment upon separation from service up to a maximum of 40 hours. The liability for compensated absences includes salary-related benefits, where applicable.

Shreveport Charter Foundation, Inc.
Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing Arrangements and Amortization

The Foundation leases the school buildings and substantially all of the furniture, fixtures and equipment utilized by the Charter School under capital leases as described in Note 6. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized (or depreciated) over the lower of the related lease terms or the estimated productive lives. Amortization (or depreciation) of assets under capital leases is included in depreciation and amortization expense.

Net Assets

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

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

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

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

Shreveport Charter Foundation, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Membership dues, program service fees and payments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, an organization would have recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. Income from membership dues and certain member service fees received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

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

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

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

Donated Assets

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

Donated Services

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

Shreveport Charter Foundation, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

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, including depreciation and amortization, leadership salaries and the technology department, have been allocated among program and supporting services classifications based on estimates of time and effort and square footage.

Advertising Costs

The Foundation uses advertising to promote the schools among the population it serves. Advertising costs are charged to expense when incurred. Advertising, which is included in marketing and recruitment on the Statements of Functional Expenses, for the years ended June 30, 2022 and 2021 was approximately \$151,377 and \$219,568, respectively.

Income Taxes

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

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 6, 2023. See Note 14 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Shreveport Charter Foundation, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance

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

Accounting Guidance Not Yet Adopted

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

Note 3: LIQUIDITY OF FINANCIAL ASSETS

As part of the Foundation'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 and internal funds 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:

June 30,	2022	2021
Cash	\$ 610,622	\$ 762,427
Grant and other receivables	167,465	238,169
Total financial assets available to meet general expenditures within one year	\$ 807,715	\$ 1,000,596

Note 4: GRANT AND OTHER RECEIVABLES

At June 30, 2022 and 2021, grant and other receivables totaled \$167,465 and \$238,169, respectively, and are considered fully collectible.

Shreveport Charter Foundation, Inc.
Notes to the Financial Statements

Note 5: ACCRUED EXPENSES

<i>June 30,</i>	2022	2021
Payroll and benefits	\$ 536,112	\$ 699,237
Other	27,901	56,284
Total accrued expenses	\$ 564,013	\$ 755,521

Note 6: CAPITAL LEASES

Following is a summary of assets held under capital leases:

<i>June 30,</i>	2022	2021
Real estate and buildings	\$ 28,813,183	\$ 28,813,183
Furniture, fixtures and equipment	1,810,821	1,810,821
Property held under capital leases	30,624,004	30,624,004
Less: accumulated amortization	(10,545,212)	(9,344,312)
Property held under capital lease, net	\$ 20,078,792	\$ 21,279,692

Assets held under capital leases are included in net property and equipment on the Statement of Financial Position. The Foundation had the following capital leases payable:

<i>June 30,</i>	2022	2021
Capital lease payable to Red Apple at Magnolia, LLC for real property in the original amount of \$12,278,567, with a commencement date of July 22, 2013, with an effective interest rate of 10.147%, payable in monthly payments ranging from \$65,386 to \$148,788, including interest, maturing on June 1, 2033.	\$ 10,809,599	\$ 11,206,341
Capital lease payable to Red Apple at Magnolia Upper, LLC for real property in the original amount of \$16,534,616, with a commencement date of August 1, 2016, with an effective interest rate of 10.094%, payable in monthly payments ranging from \$32,635 to \$188,589, including interest, maturing on July 31, 2046.	16,501,981	16,501,981
Capital lease payable to Red Apple at Magnolia Upper, LLC for equipment in the amount of \$1,030,000, dated August 1, 2016, with an effective interest rate of 8.78%, payable in monthly payments ranging from \$8,808 to \$8,993, including interest, maturing July 31, 2036.	849,264	884,028
Total capital leases payable	28,160,844	28,592,350
Less current maturities	(497,729)	(431,506)
Long-term capital leases payable	\$ 27,663,115	\$ 28,160,844

Shreveport Charter Foundation, Inc.
Notes to the Financial Statements

Note 6: CAPITAL LEASES (Continued)

Scheduled annual lease payments for the fiscal years ending June 30, are:

2023	\$	3,483,084
2024		3,526,565
2025		3,569,873
2026		3,618,040
2027		3,662,172
Thereafter		51,225,947
Total minimum lease payments		69,085,681
Less interest		(40,924,837)
Net minimum lease payments		\$ 28,160,844

Scheduled maturities of long-term debt for the next five years ending June 30, are as follows:

2023	\$	501,740
2024		577,489
2025		661,224
2026		754,006
2027		856,784
Thereafter		24,809,601
Total		\$ 28,160,844

Interest expense was \$2,990,577 and \$3,029,848 during the years ended June 30, 2022 and 2021, respectively.

The Foundation's capital leases with Red Apple at Magnolia, LLC and Magnolia Upper, LLC dated November 21, 2013 and August 1, 2016 include restrictive covenants that require compliance with all laws and regulations as well as specific insurance requirements. The lease with Magnolia Upper, LLC, include covenants that require the Foundation to have an annual rent coverage ratio of at least 1.15 to 1.00 each quarter and unrestricted immediately available funds on hand each June 30 in an amount at least equal to the Days Cash on Hand Requirement for the applicable period.

The Foundation is required to calculate the annual rent coverage ratio quarterly based on a rolling twelve month period. Annual rent coverage ratio is determined by dividing income available for annual rent by maximum annual rent. Income available for annual rent is the excess of charter revenues over operating expenses as determined from audited financial statements provided that gains and losses on investments will not be recognized in the calculation of income available for annual rent. Maximum annual rent means the highest rent due under the lease for any current or succeeding fiscal year or other specified period.

Shreveport Charter Foundation, Inc.
Notes to the Financial Statements

Note 6: CAPITAL LEASES (Continued)

At June 30, 2022, the Foundation did not meet the annual rent coverage ratio covenant. Under the terms of the capital lease, the failure to meet the annual rent coverage ratio may be considered an event of default. The investors waived the breach of the annual rent coverage ratio covenant for the fiscal year ended June 30, 2022. The calculation as of June 30, 2022 is included below.

Annual Rent Coverage Ratio Covenant As of June 30, 2022	
Charter revenues	\$ 14,640,389
Less: Internal Funds Revenue	(167,780)
Operating Expenses	(15,298,232)
Add: Internal Funds Expense	108,228
Change in Unrestricted Net Assets	(717,395)
Plus:	
Interest	2,990,577
Depreciation and Amortization	1,392,018
Income Available for Annual Rent	\$ 3,665,200
Maximum Annual Rent	\$ 3,661,989
Annual Rent Coverage Ratio	1.00
Required Rent Coverage Ratio	1.15

The Days Cash on Hand Requirement for the calculation date of June 30, 2022, is an amount equal to at least fifty-five (55) days of Average Daily Expenses. Average Daily Expenses include operating expenses, long term debt service requirements, and payments of base rent under the lease and exclude depreciation and other non-cash items and deferred management fees for the twelve month period. At June 30, 2022, the Foundation did not meet the Days Cash on Hand Requirement. Under the terms of the capital lease, the failure to maintain unrestricted immediately available funds in an amount equal to at least fifty-five (55) days of average daily expenses may constitute and event of default. The investors waived the breach of the liquidity covenant for the fiscal year ended June 30, 2022. The calculation as of June 30, 2022 is included below.

Shreveport Charter Foundation, Inc.
Notes to the Financial Statements

Note 6: CAPITAL LEASES (Continued)

Liquidity Covenant - Computation of Days Cash on Hand
As of June 30, 2022

Annual Total Expenses	\$	15,298,232
Less: Internal Funds Expense		(108,228)
Less: Depreciation		(1,392,018)
Add: Principal Payments		431,506
Adjusted Annual Total Expenses		14,229,492
Average Daily Expenses (based on 360 day year)		39,526
Days of Cash Required		55
Daily Cash Required		2,173,930
Cash Available as of June 30, 2022		610,622
Less: Internal Fund Cash		(86,708)
Adjusted Cash Available as of June 30, 2022	\$	523,914
Days of Cash on Hand		13

Property with a net book value of \$20,078,792 as of June 30, 2022 held under capital leases with Red Apple at Magnolia, LLC and Red Apple at Magnolia Upper, LLC has been pledged as security on Red Apple at Magnolia Upper, LLC (Landlord) financing.

Note 7: NET ASSETS (DEFICIT)

The Foundation had a decrease in net assets of approximately \$728 thousand for the year ended June 30, 2022, as well as a deficit of approximately \$8.9 million. The main driver of the overall deficit of the Foundation is the accumulated depreciation of the two facilities recorded as assets held under capital leases in the financial statements, which totals approximately \$9.3 million. The Foundation has the support of Charter Schools USA as their management company. A portion of management fees for the current fiscal year totaling approximately \$1.7 million were waived by the management company. This support will continue until the school is operating independently and is financially stable.

Note 8: RISK MANAGEMENT AND LITIGATION

The Foundation 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. In the opinion of management, insurance coverage is adequate to cover any material anticipated losses.

There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2022 and 2021.

Shreveport Charter Foundation, Inc. Notes to the Financial Statements

Note 9: CONCENTRATIONS AND CREDIT RISK

The Foundation received approximately 86% and 88% of its total revenues from the State of Louisiana, through its charter school contract with CPSB for the years ended June 30, 2022 and 2021 respectively.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. At June 30, 2022 and 2021, the Foundation had approximately \$362,900, in uninsured deposits. Management believes the risk associated with these excess deposits is minimal.

Note 10: COMMITMENTS

Management agreement

The Foundation entered into a management agreement on February 5, 2013, with Charter Schools USA at Shreveport, LLC (CSUSA), a Florida limited liability company, to develop, manage, staff and operate the Charter School. The term of the agreement was for an initial five year term consistent with the term of the charter contract with CPSB. The agreement was renewed for two additional three year terms consistent with the term of the charter contract renewal. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees for its services. The cost reimbursements and management fees are not to exceed 15% of revenues which shall be set forth within the approved annual budget or any amendments thereto.

For the years ended June 30, 2022 and 2021, cost reimbursements and management fee expense was \$2,064,665 and \$1,934,756, respectively. Fees totaling \$1,736,066 and \$1,389,673 were forgiven for fiscal years ended June 30, 2022 and 2021, reducing the amount of compensation payable to CSUSA to \$734,071 and \$545,083, respectively.

During the years ended June 30, 2022 and 2021, CSUSA made a cash contribution in the amount of \$338,124 and \$493,658, respectively, to the Foundation for general support activities.

At June 30, 2022 and 2021, the Foundation owed CSUSA \$827,879 and \$674,115, respectively, related to operation and trade payables. These amounts have been netted against amounts owed to the Foundation from CSUSA of \$857,507 and \$481,267 at June 30, 2022 and 2021, respectively. The net amounts of \$29,628 and \$192,848 are reflected in the statements of financial position at June 30, 2022 and 2021, respectively, as due from/to the management company.

Note 11: EMPLOYEE BENEFIT PLAN

The Foundation offered all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). Employees are allowed to contribute up to 100% of their salary, subject to certain limitations. Charter Schools USA will match 25% up to the first 6% that the employee elects. For the years ended June 30, 2022 and 2021, the Foundation's contributions to the plan totaled \$19,445 and \$20,679, respectively.

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

Note 12: CONTINGENCIES

The Foundation, as charter operator, is subject to Annual Academic Audits by Caddo Parish School Board. Failure to follow through with the recommendations and directives of the yearly audit will be grounds for terminations and/or non-renewal of the charter contract.

Note 13: RELATED PARTIES

During 2022, the Foundation incurred expenses of \$274,659 for learning pods from a company owned by the director of CSUSA. The Foundation measured the services received at the cost recognized by for the personnel providing those services.

Note 14: SUBSEQUENT EVENTS

Management has evaluated all events and transactions that occurred after June 30, 2022 through March 6, 2023, the date the Foundation's financial statements were available to be issued.

As discussed in Note 6 the Foundation is required to have an annual rent coverage ratio of at least 1.15 to 1.00 each quarter. For the quarter ended September 30, 2022, the annual rent coverage ratio was not met. A waiver was received from the Trustee.



SUPPLEMENTARY INFORMATION



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

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

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

Agency Head Name: Dr. Melva Turner-Williams, President of the Board of Directors

Purpose	Amount
Reimbursements	\$ -

There were no payments to the agency head for the year ended June 30, 2022.

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 Foundation, 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 Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shreveport Charter Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shreveport Charter Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Charter Foundation, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Charter Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-03, and 2022-004.

Shreveport Charter Foundation, Inc.'s Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.



CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
March 6, 2023

Shreveport Charter Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of Auditors’ report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
c. Noncompliance material to the financial statements noted?	No

Federal Awards

Not applicable in the current year

Section II – Financial Statement Findings

Current Year Findings and Responses

Reference # and title: 2022-001 Bank Reconciliation (Significant Deficiency)

Year of Origination – June 30, 2022

Criteria or Specific Requirement – A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. In preparing the bank reconciliations, all items should be investigated and corrected in that period. Cash accounts should be reconciled on a monthly basis to ensure that errors or other problems are recognized and resolved on a timely basis.

Condition – Two June 30, 2022 JPMorgan Chase bank reconciliations prepared and reviewed by the management company contained errors/omissions and did not reconcile to general ledger.

Cause – Inconsistent implementation of internal controls.

Effect – Material errors and omissions go undetected if the cash accounts are not reconciled properly and timely. Lack of proper review increases the risk of fraud. Unreconciled differences that appear immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation. If small differences are not reconciled on a monthly basis, over time, they can build up to a significant amount that will be difficult to reconcile.

Shreveport Charter Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Recommendation – We recommend that all bank accounts be reconciled completely each month prior to the preparation of the monthly financial statements. We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by an appropriate level of management. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and followed up on, and any journal entries deemed necessary as a result be recorded.

Reference # and title: 2022-002 Background Checks (Noncompliance)

Year of Origination – June 30, 2017

Criteria or Specific Requirement – Louisiana Revised Statute 17:3991 requires charter school instructional staff to be subject to all provisions of state law relative to background checks applicable to the employment of public school personnel.

Condition – Evidence of background check being performed was not provided for four teachers of the twenty-five teachers selected for testing. One teacher was hired with a criminal history that would make them ineligible for hire.

Cause – The Foundation does not have policies and procedures in place to ensure background checks are performed for all instructional staff and are properly maintained on file.

Effect – The Foundation may not be in compliance with Louisiana Revised Statute 17:3991 Charter Contents, Renewal, and Revocation and Charter School Authorities and Limitations.

Recommendation – We recommend that the Foundation implement policies and procedures to ensure background checks are performed for all instructional staff prior to offer of employment and that evidence of the background checks be maintained on file.

Reference # and title: 2022-003 BOD Financial Disclosure (Noncompliance)

Year of Origination – June 30, 2022

Criteria or Specific Requirement – Louisiana Revised Statute 42:1124.2.1 requires each member and any designee of a member of a board or commission that has the authority to expend, disburse, or invest ten thousand dollars or more of funds in a fiscal year to file an annual financial statement on a form prescribed by the Louisiana Board of Ethics. According to the Louisiana Board of Ethics individuals who serve as a member of the governing authority or management board of a charter school created pursuant to Chapter 42 of Title 17 of the Louisiana Revised Statutes are required to file a Tier 3 Personal Financial Disclosure Statement. The statement must be filed on or before May 15 of each year.

Condition – Two board members did not complete and submit to the Louisiana Board of Ethics a Tier 3 Personal Financial Disclosure Statement for 2021.

Shreveport Charter Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Cause – The Foundation does not have policies and procedures in place to ensure all board members complete and submit the Tier 3 Personal Financial Disclosure Statements timely.

Effect – The Foundation is not in compliance with Louisiana Revised Statute 42:1124.2.1 Financial Disclosure; members of boards and commissions.

Recommendation – We recommend that the Foundation implement a schedule which includes the deadline for submission of the financial disclosure and ensure all board members have completed the form timely and the form is submitted to the Louisiana Board of Ethics by the required deadline. We also recommend that the Foundation maintain a copy of each disclosure statement.

Reference # and title: 2022-004 Late Submission of Audit Report to Legislative Auditor (Noncompliance)

Year of Origination – June 30, 2021

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

Condition: The Foundation's audit report for the fiscal year ending June 30, 2022, was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i). The Foundation requested an extension from the Legislative Auditor which was granted.

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

Effect: The auditor was unable to submit the Foundation's report within the six month deadline as required by R.S. 24:513 A (5)(a)(i).

Recommendation: We recommend the Foundation implement appropriate accounting policies and close procedures ensure timelines for filing are met.

Section III – Prior Year Financial Statement Findings

Reference # and title: 2021-001 Background Checks (Noncompliance)

Year of Origination – June 30, 2017

Condition – Evidence that background checks were performed was not provided for four of the twenty-five teachers selected for testing.

Recommendation – We recommend that the Foundation implement policies and procedures to ensure background checks are performed for all instructional staff prior to offer of employment and that evidence of the background checks be maintained on file.

Shreveport Charter Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Status – See current year finding 2022-002

Reference # and title: 2021-002 Federal Award Reimbursements (Significant Deficiency)

Year of Origination – June 30, 2020

Condition – During testing of Title I revenue it was noted there is no process in place to properly record all requests and receivables related to reimbursements. Requests for funds are not provided to the Accountant at the time the request is submitted so a receivable can be recorded. The Foundation did not record two Title I Request for Funds totaling \$86,653. These amounts were reimbursed by Caddo Parish School Board but because the receivables were not recorded and monitored, the transfers were incorrectly recorded to MFP revenue instead of Title I federal grants.

Recommendation – We recommend that the School Operations Administrator provide a copy of each reimbursement request and all supporting schedules and documentation to the Accountant when the request is submitted. At that time, a receivable for the amount of the request should be recorded. The receivable should be monitored to ensure the request is funded timely and in the proper amount. When the request is funded, the Accountant should contact the Administrator to inform them that the payment has been received. If the request is not funded within a reasonable period of time, the Accountant should inform the Administrator so that they can follow up and resolve any issues to ensure the request is funded.

Status – Resolved

Reference # and title: 2021-003 Corrections to the Financial Statements (Material Weakness)

Year of Origination – June 30, 2021

Condition – In performing the audit of Shreveport Charter Foundation, Inc., CRI recorded a significant number of journal entries having a material effect on the financial statements for the period under audit.

Recommendation – We recommend management implement procedures to ensure all transactions related to the reporting period be properly captured and included in the accrual basis financial statements.

Status – Resolved

**Shreveport Charter Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Reference # and title: 2021-004 Schedule of Expenditures of Federal Awards (Significant Deficiency)

Year of Origination – June 30, 2021

Condition – During the initial testing of revenue, it was noted that the federal revenue was below the threshold of \$750,000 which would require the Foundation to have a Single Audit in accordance with the Uniform Guidance. During test work, we discovered a material amount of Title I funds (as explained in Finding 2021-002 above) had been miscoded to MFP revenue. An audit adjustment was necessary since management did not properly classify the federal award reimbursements causing the expenditures of federal awards to exceed the threshold of \$750,000. It was then determined that a single audit would be necessary for the year ended June 30, 2021.

Effect – Federal awards were initially understated for the year. Also, management did not prepare a schedule of expenditures of federal awards for the year ended June 30, 2021. Management did not realize a Single Audit was necessary until after the audit commenced resulting in an amended engagement letter and additional time to perform the Single Audit causing the audit to be submitted late to the Legislative Auditor.

Recommendation – See recommendation in Finding 2021-002. In addition, the Schedule of Expenditures of Federal Awards should be prepared by the Foundation. Necessary steps should be taken to ensure that it correctly reflects the grants awards, amounts, assistance numbers, and other required information. In addition, someone other than the preparer should review the schedule for errors.

Status – Resolved

Reference # and title: 2021-005 Late Submission of Audit Report to Legislative Auditor (Noncompliance)

Year of Origination – June 30, 2021

Condition: The Foundation’s audit report for the fiscal year ending June 30, 2021, was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i). The Foundation requested an extension from the Legislative Auditor which was granted.

Recommendation: We recommend the Foundation implement appropriate accounting policies and close procedures ensure timelines for filing are met.

Status – See current year finding 2022-005

Section III – Federal Award Findings and Responses

A. Current Year Findings and Responses

Not applicable in the current year

**Shreveport Charter Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

B. Prior Year Findings and Responses

Reference # and title: 2021-006 Controls and Compliance over Federal Programs (Material Weakness)

Federal Grantor: Department of Education
Pass Through Entity: Louisiana Department of Education
Assistance Listing Number 84.010
Program: Title I Grants to Local Educational Agencies
Federal Award Number: N/A
Award Year: 7/1/2020 to 9/30/2021
Pass Through Entity Number: N/A
Year of Origination – June 30, 2021

Entity-Wide or Program/Department Specific: Title I

Condition: Client was unable to provide support for two of the 4 students selected. On one that support was provided, there was a discrepancy with the grade the student was in. School report showed 9th grade but support showed 8th. Client unable to provide clarification of student's grade at time of withdrawal.

Recommendation: CRI recommends policies and procedures to be written and implemented that will track all students that leave the school. This will account for any required documentation that is required according to the compliance supplement.

Status – Resolved

Reference # and title: 2021-007 Controls and Compliance over Federal Programs (Material Weakness)

Federal Grantor: Department of Education
Pass Through Entity: Louisiana Department of Education
Assistance Listing Number 84.010
Program: Title I Grants to Local Educational Agencies
Federal Award Number: N/A
Award Year: 7/1/2020 to 9/30/2021
Pass Through Entity Number: N/A
Year of Origination – June 30, 2021

Entity-Wide or Program/Department Specific: Title I

Questioned Costs: \$207,854

**Shreveport Charter Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Condition: Client was unable to provide the Personnel Action Form (PAF) for the 5 employees that were paid with Title I funds. Due to this, CRI was unable to obtain employees' current pay rates in order to trace to ADP payroll registers or determine if paid in accordance with the Uniform Guidance.

Recommendation: CRI recommends the Foundation maintain PAF forms for all employees with current pay information detailed and current positions.

Status – Resolved

Shreveport Charter FOUNDATION

Board of Trustees

President

Melva Turner Williams, Ph.D.

Vice President

Phillip Rozeman, M.D.

Secretary/Treasurer

Zazell Dudley

Trustees

Ann Stokes

Pamela Barker

Dinero Washington

Valerie Thomas White

Corrective Action Plan For Findings and Questioned Costs

For the Year Ended June 30, 2022

Reference # and title: 2022-001 Bank Reconciliations

Year of Origination – June 30, 2022

Condition – Two June 30, 2022 JPMorgan Chase bank reconciliations prepared and reviewed by the management company contained errors/omissions and did not reconcile to general ledger.

Views of responsible officials and corrective action plan – Management agrees with the recommendation and controls will be applied starting July 2022. Monthly bank reconciliations will be reviewed for accuracy and completeness by the proper level of management.

Anticipated completion date: July 30, 2022

Person responsible for corrective actions: Yeimy Guzman, CSUSA

Reference # and title: 2022-002 Background Checks

Year of Origination – June 30, 2017

Condition – Evidence that background checks were performed was not provided for four of the twenty-five teachers selected for testing.

Views of responsible officials and corrective action plan – Management will review our current policies and procedures regarding employee background checks with appropriate school staff to again reiterate that these are required to be completed and that the results are to be properly maintained and secured. Additionally, we have recently added an Internal Auditor to our staff in an effort to better monitor this requirement. We do however disagree with the comment regarding the teacher that was hired with a criminal history as the documentation that we have does not reflect that decision.

Anticipated completion date: June 30, 2023

Person responsible for corrective actions: Mark Gamble, State Financial Director – Louisiana CSUSA

Shreveport Charter FOUNDATION

Reference # and title: 2022-003 BOD Financial Disclosure

Year of Origination – June 30, 2022

Condition – Two board members did not complete and submit to the Louisiana Board of Ethics a Tier 3 Personal Financial Disclosure Statement for 2021.

Views of responsible officials and corrective action plan – Management will continue to inform, educate, and reiterate to our board members of their responsibility to annually complete the Tier 3 Personal Financial Disclosure Statement. We have always provided board members with submission deadlines along with regular reminders several months prior to the submission date.

Anticipated completion date: June 30, 2023

Person responsible for corrective actions: Mark Gamble, State Financial Director – Louisiana CSUSA

Reference # and title: 2022-004 Late Submission of Audit Report to Legislative Auditor

Year of Origination – June 30, 2021

Condition: The Foundation’s audit report for the fiscal year ending June 30, 2022, was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i). The Foundation requested an extension from the Legislative Auditor which was granted.

Views of responsible officials and corrective action plan: Management fully understands the need and the requirement to have our audits completed and submitted by December 31st of each year. We believe that the staffing shortage that we experienced last year has been addressed by filling existing vacancies and by increasing our accounting staff. We feel that these additional resources will go a long way towards improving the completion time and the quality of our audits.

Anticipated completion date: December 31, 2023

Person responsible for corrective actions: Mark Gamble, State Financial Director – Louisiana CSUSA

Magnolia School of Excellence

2290 Clyde Fant Parkway Service Road | Shreveport, LA 71104

www.MagnoliaCharter.org



Shreveport Charter Foundation, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2022



Carr, Riggs & Ingram, LLC
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Suite 200
Shreveport, LA 71105

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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 Directors of Shreveport Charter Foundation, Inc.
and the Louisiana Legislative Auditor:

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

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

The procedures and associated results are as follows:

Written Policies and Procedures

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

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

Results: The Organization's written policies do not include adopting or amending the budget.

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

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

- c) **Disbursements**, including processing, reviewing, and approving.

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The Organization's written policies do not include management's actions to determine the completeness of all collections for each type of revenue.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Results: The Organization's written policies do not include the approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: Procedures related to credit cards are not applicable.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: The Organization's written policies not include dollar thresholds by category of expenses.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Results: This procedure is not applicable as Shreveport Charter Foundation, Inc. is not a governmental entity.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: This procedure is not applicable as Shreveport Charter Foundation, Inc. is not a governmental entity.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The Organization's written policies not include the use of antivirus software on all systems and timely application of all available system and software patches/updates.

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

Results: This procedure is not applicable as Shreveport Charter Foundation, Inc. is not a governmental entity.

Board or Finance Committee

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

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

Results: Quorum was not present for 4 out of 11 meetings.

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

Results: Minutes did not reference financial activity relating to public funds for 6 out of 11 meetings.

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

Results: This procedure is not applicable as Shreveport Charter Foundation, Inc. is not a governmental entity.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
Results: No exceptions were found as a result of applying the procedure.
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Results: No exceptions were found as a result of applying the procedure.
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
Results: No exceptions were found as a result of applying the procedure.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
Results: CRI obtained a list of deposits sites and management's representation that the listing was complete.
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
Results: No exceptions were found as a result of applying the procedure.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Results: Personnel responsible for collecting cash is also responsible for making bank deposits, but there is another employee/official responsible for reconciling collection documentation to the deposit.

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

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

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

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

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

Results: Per inspection of the policy for the period, insurance coverage for theft is in place.

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

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

Results: Four exceptions were found where receipts were not pre-numbered.

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

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

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

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

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

Results: Two exceptions were found where the deposit was not made within one business day of receipt.

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

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

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

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

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

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

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

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

Results: Exceptions were found for Location 2 (MAGN - Lower) and Location 3 (MAGNUS - Upper) where one employee is responsible for processing payments who is not prohibited from adding/modifying vendor files, and no other employee is periodically reviewing changes to vendor files.

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

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

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

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

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

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

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

Results: CRI found exceptions in segregation of duties. Ten exceptions were found where the employee responsible for processing payments is not prohibited from adding/modifying vendor files, and there is no evidence of another employee periodically reviewing changes to vendor files.

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

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

Results: This procedure is not applicable as there are no credit cards issued to Shreveport Charter Foundation, Inc.

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

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

Results: This procedure is not applicable as there are no credit cards issued to Shreveport Charter Foundation, Inc.

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

Results: This procedure is not applicable as there are no credit cards issued to Shreveport Charter Foundation, Inc.

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

Results: This procedure is not applicable as there are no credit cards issued to Shreveport Charter Foundation, Inc.

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

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

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

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

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

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

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

Results: There were three exceptions where no documentation of the business/public purpose was observed.

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

Results: There were five exceptions where reimbursement was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

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

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

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

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

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

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

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

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

Payroll and Personnel

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

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

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

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

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

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

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

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

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

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

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

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

Results: There was one exception where the terminated employee hours paid did not agree to cumulative leave records.

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

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

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: This procedure is not applicable to Shreveport Charter Foundation, Inc. as a nonprofit.

Debt Service

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

Results: This procedure is not applicable to Shreveport Charter Foundation, Inc. as a nonprofit.

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

Results: This procedure is not applicable to Shreveport Charter Foundation, Inc. as a nonprofit.

Fraud Notice

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

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

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

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

Information Technology Disaster Recovery/Business Continuity

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

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

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

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

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

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current

and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

Sexual Harassment

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

Results: Per footnote 23 in the SAUPs instructions, "private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds." Nothing in agreements inspected by CRI indicated that sexual harassment is required for receipt of public funds.

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

Results: This procedure is not applicable to Shreveport Charter Foundation, Inc. as a nonprofit.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: This procedure is not applicable to Shreveport Charter Foundation, Inc. as a nonprofit.

We were engaged by Shreveport Charter Foundation, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively,

on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

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

CARR, RIGGS, & INGRAM, LLC

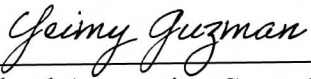
Shreveport, Louisiana

March 6, 2023

Shreveport Charter FOUNDATION

Response to Exceptions in the SAUP Results Report:

We have done a preliminary review of the recommendations in the AUP results. We are in agreement with the report as provided by Carr, Riggs & Ingram, CPAs and Advisors. The Shreveport Charter Foundation will adjust policies and procedures and implement changes where necessary to meet the expectations identified in the report.



School Accounting Controller