

**LEARNING SOLUTIONS, INC.  
d/b/a VISION ACADEMY**

**Financial Statements**

**As of and for the Year Ended June 30, 2019**

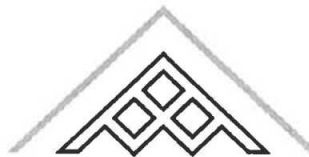
**ANTHONY B. BAGLIO, CPA**  
CERTIFIED PUBLIC ACCOUNTANT  
A Professional Accounting Corporation  
Hammond, Louisiana

**LEARNING SOLUTIONS, INC.**  
**d/b/a VISION ACADEMY**  
As of and for the Year Ended June 30, 2019

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## **ANTHONY B. BAGLIO, CPA**

A PROFESSIONAL ACCOUNTING CORPORATION

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Learning Solutions, Inc. d/b/a Vision Academy  
Monroe, Louisiana

#### **Report on the Financial Statement**

I was engaged to audit the accompanying financial statements of Learning Solutions, Inc. d/b/a Vision Academy (hereinafter "Vision Academy") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on conducting the 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### **Basis for Disclaimer of Opinion**

As explained in Note 12 to the financial statements, Vision Academy did not consolidate its financial statements with its subsidiary Dream Academy, LLC as required by accounting principles generally accepted in the United States of America. Also as explained in Note 12 to the financial statements, I was unable to obtain necessary support to reconcile and audit revenues and receivables, accrued expenditures, and property and equipment, which in turn impacted my ability to audit cash and expenditures. Also as described in Note 12, the uncertain items due to the school closure at June 30, 2019. Since the school closed, I was not able to contact management or accounting personnel for the year ended June 30, 2019. I was not able to obtain sufficient appropriate audit evidence about the areas mentioned above through application of other auditing procedures.

#### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements referred to in the first paragraph.

## Other Matters

### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is required by Louisiana Revised Statute 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. This 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. Due to the significance of the matter disclosed in the Basis for Disclaimer of Opinion paragraph, it is not appropriate to, and I do not, express an opinion on the Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer.

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

In accordance with Government Auditing Standards, I have also issued my report dated September 30, 2020, on my consideration of Vision Academy's internal control over financial reporting and on my test of 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 my 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 Vision Academy'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 Vision Academy's internal control over financial reporting and compliance.



Anthony B. Baglio, CPA  
A Professional Accounting Corporation  
Hammond, Louisiana

September 30, 2020

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
Statement of Financial Position  
June 30, 2019

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	279,087
Investments		100,126
Accounts Receivable		9,777
Due from Dream Academy		104,324
Total Current Assets		493,314

Property and Equipment, Net		24,017
Deposits		19,417
		33,434

TOTAL ASSETS	\$	536,748
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Credit Card Payable	\$	47
Line of Credit		91,161
Total Current Liabilities		91,208

**LONG-TERM LIABILITIES**

-

**NET ASSETS**

Net Assets Without Donor Restrictions		445,540
Total Net Assets		445,540

TOTAL LIABILITIES AND NET ASSETS	\$	536,748
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See independent auditor's report for disclaimer of opinion.  
The accompanying notes are an integral part of these financial statements.

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
Statement of Activities  
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>
<b>SUPPORT AND REVENUES</b>	
State Public School Funding	\$ 1,909,302
Other Revenues	335
Total Support and Revenues	<u>1,909,637</u>
<b>EXPENSES</b>	
Regular Programs	337,809
Special Education Programs	64,461
Other Instructional Programs	16,821
Special Programs	4,599
Pupil Support Services	69,556
Instructional Staff Services	57,290
General Administration	128,334
School Administration	347,460
Business Services	367,835
Maintenance	79,370
Student Transportation Services	106,074
Food Services	64,656
Facility Rentals	208,787
Interest	3,856
Depreciation	19,230
Unclassified Expenditures	72,155
Adjustments to Reconcile Net Assets	<u>(234,520)</u>
Total Expenses	<u>1,713,773</u>
<b>CHANGE IN NET ASSETS</b>	195,864
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>249,676</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 445,540</u></u>

See independent auditor's report for disclaimer of opinion.  
The accompanying notes are an integral part of these financial statements.

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
Statement of Functional Expenses  
Year Ended June 30, 2019

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
<b>EXPENSES:</b>			
Regular Programs	\$ 264,467	\$ 73,342	\$ 337,809
Special Education Programs	64,461	-	64,461
Other Instructional Programs	16,821	-	16,821
Special Programs	4,599	-	4,599
Pupil Support Services	69,556	-	69,556
Instructional Staff Services	57,290	-	57,290
General Administration	-	128,334	128,334
School Administration	275,967	71,493	347,460
Business Services	348,835	19,000	367,835
Maintenance	79,370	-	79,370
Student Transportation Services	106,074	-	106,074
Food Services	64,654	-	64,654
Facility Rentals	208,789	-	208,789
Interest	-	3,856	3,856
Depreciation	19,230	-	19,230
Unclassified Expenditures	72,155	-	72,155
Adjustments to Reconcile Net Assets	(234,520)	-	(234,520)
<b>TOTAL EXPENSES</b>	<u>\$ 1,417,748</u>	<u>\$ 296,025</u>	<u>\$ 1,713,773</u>

See independent auditor's report for disclaimer of opinion.  
The accompanying notes are an integral part of these financial statements.



**Learning Solutions, Inc.  
d/b/a Vision Academy  
Statement of Cash Flows  
Year Ended June 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 195,864
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used in) Operating Activities:	
Depreciation	19,230
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(9,777)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(11,735)
Credit Card Payable	(318)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 193,264</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

-

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principle Reduction on Line of Credit	\$ (9,303)
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<b><u>(9,303)</u></b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

183,961

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

95,126

**CASH AND CASH EQUIVALENTS, END OF YEAR**

279,087

**SUPPLEMENTAL DISCLOSURES:**

Interest Paid	\$ <u><u>3,856</u></u>
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See independent auditor's report for disclaimer of opinion.  
The accompanying notes are an integral part of these financial statements.

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

Learning Solutions, Inc. d/b/a Vision Academy (a nonprofit organization), opened in Monroe, Louisiana in the Fall of 2014 as a Type 2 BESE approved charter school that is free to any student in the State of Louisiana. Vision Academy’s Mission is to provide a robust learning environment that allows students to develop their potential, to prepare students for post-secondary education and/or the workforce, and to collaborate with community agencies, organizations, and institutions to meet student’s needs.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. 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.

**Financial Statement Presentation**

Vision Academy has adopted the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 “Not-for-Profit Entities.” Under FASB ASC 958, Vision Academy is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Vision Academy follows the provisions of Accounting Standards Update (“ASU”) 2016-14: Not-for-Profit Entities (Topic 958) Presentation of Financial statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about Vision Academy liquidity, financial performance, and cash flows. Accordingly, net assets of Vision Academy and changes therein, may be classified and reported as follows, as financial circumstances require.

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of Vision Academy. Certain restrictions may need to be maintained in perpetuity.

All net assets of Vision Academy at June 30, 2019 were considered to be net assets without donor restrictions.

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 1 – Nature of Activities and Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Functional Expenses**

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied.

When possible, expenses are first allocated by direct identification and then by allocation if an expenditure benefits more than one program or function. The expenses that are allocated, are allocated on the basis of estimates of time and effort. There were no such allocated expenses during the year ended June 30, 2019.

**Income Taxes**

Vision Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Vision Academy is also exempt from Louisiana state income taxes.

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

**Revenue Recognition**

Revenues from governmental grants are recognized when allowable expenditures are made by Vision Academy. Funds received for specific purposes, but not yet expended, are recorded as deferred revenue.

**Minimum Foundation Program (MFP)**

Vision Academy, as a Type 2 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at school. The amount of funding received is adjusted during the school year based on the February 1<sup>st</sup> student count and the results on any audit performed.

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 1 – Nature of Activities and Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash consist of demand deposit balances and represents cash available for general operating purposes. Vision Academy classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Vision Academy did not have any cash equivalents at June 30, 2019.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, Vision Academy's deposits were under insured by \$78,819.

**Investment**

Investment is a Certificate of Deposit at a local bank with an original maturity of one (1) year. At June 30, 2019, I was unable to verify if covered by FDIC Insurance.

**Property and Equipment**

Property and equipment are presented in the financial statements on the basis of cost less allowances for depreciation. Vision Academy capitalizes all expenditures of depreciable assets where cost exceed \$1,000 for individual items and fixed assets that in the aggregate are greater than \$5,000. Depreciation is computed using the straight-line method and is provided over the following estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2019 was \$19,230.

	<u>Estimated Useful Lives</u>
Furniture and Equipment	5 – 7 years
Leasehold Improvements	5 – 10 years

**Reversionary Interest in Funds and Assets**

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agency are funds earned by Vision Academy to be used for the purpose for which they were acquired. Those agencies, however, have a reversionary interest in those funds, as well as any assets acquired with those funds. Since the charter agreement was not renewed, those funds and assets will transfer to the appropriate agency.

**Recent Accounting Pronouncement**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 1 – Nature of Activities and Significant Accounting Policies (Continued)**

States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. In March 2016, the FASB issued ASU No. 2016-08, which clarifies the implementation guidance on principal versus agent considerations. Vision Academy is currently evaluating the effects the standard will have on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the current leasing guidance. Under the new 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 expenses recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In November 2019, the FASB issued ASU NO. 2019-10, which defers the effective date of ASU NO. 2016-02 one year, making it effective for fiscal years beginning after December 15, 2020. Vision Academy is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

**New Accounting Standard**

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities,” to address classification of net assets reported on the financial statements and disclosures related to the liquidity and availability of resources. ASU 2016-2014 reduces that required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhances disclosures about the amounts and purposes of governing board designations and appropriations. These net asset classes are reflected in the Statements of Financial Position and Statements of Activities. ASU 2016-14 requires expenses to be reported by nature in addition to function and include analysis of expenses by both nature and function. Statement of Functional Expenses are included in the financial statements. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. Allocation methods of functional expenses are included in Note 1. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the statements of financial position date. Liquidity and availability of funds is included in Note 7. ASU 2016-14 eliminates the requirement

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 1 – Nature of Activities and Significant Accounting Policies (Continued)**

to present or disclose the indirect method of reconciliation if the entity decides to use the direct method to present operating cash flows. This standard had no impact on cash flows provided by or used in operations. The ASU has been applied retrospectively to all periods presented which resulted in no reclassification of net assets.

**Note 2 – Cash**

Vision Academy's cash (book balances) at June 30, 2019, was \$279,087 which is stated at cost and approximates market.

**Note 3 – Due from Related Party**

Vision Academy pledged public funds to secure a revolving line of credit to open a daycare/pre-K school owned by Vision Academy's subsidiary, Dream Academy, LLC. As of June 30, 2019, Dream Academy, LLC owes Vision Academy the amount of \$104,324.

**Note 4 – Property and Equipment**

Property and equipment consisted of the following as of June 30, 2019:

Leasehold improvements	\$ 32,580
Furniture and equipment	96,236
	<u>128,816</u>
Accumulated depreciation	<u>(104,799)</u>
Total	<u>\$ 24,017</u>

**Note 5 – Line of Credit**

On November 3, 2016, Vision Academy established \$100,000 revolving line of credit that was pledged against their certificate of deposit. Both the certificate of deposit and the line of credit were for twelve-month terms. This line of credit was renewed on December 22, 2017, and subsequently moved to First National Bank as a loan on November 14, 2018. The balance on this loan as of June 30, 2019 was \$91,161. This money was used by Dream Academy, LLC (see Note 3 above).

**Note 6 – Operating Leases**

On July 1, 2014, Vision Academy entered into a lease agreement for the use of two school buses. Annual payments under this agreement are \$35,000 and the term is five (5) years from the effective date.

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 6 – Operating Leases (Continued)**

Beginning September 2014, Vision Academy entered into a lease agreement with DCH Properties, LLC for the use of school facilities effective September 1, 2014. The term of the agreement is 10 years from the effective date. Annual payments under this lease total \$198,000. The agreement required Vision Academy to provide a security deposit equal to one monthly payment of \$16,500.

On July 20, 2015, Vision Academy executed an amendment to lease additional space for modular classroom buildings. Annual payments under the amendment total \$35,000, with the same expiration date as the original agreement.

On February 22, 2016, Vision Academy entered into a lease for an offsite administration office. The terms of the lease are 12 months beginning March 2, 2016. The payments under this lease total to \$8,400 for the year ended June 30, 2019. The lease has been renewed yearly.

Future minimum commitments under the operating lease agreements based on the original leases.

For Year Ended June 30,	
2020	268,000
2021	268,000
2022	268,000
2023	238,833
Thereafter	<u>271,833</u>
Total	<u>\$ 1,314,666</u>

Vision Academy ceased operations on June 30, 2019. It is not known if the school would be liable for the future lease payments.

**Note 7 – Liquidity of Financial Assets**

The financial assets available to meet cash needs for expenditures within one year as of June 30, 2019 are as follows:

Cash	\$ 279,087
Investments	100,126
Grant and other receivables	<u>9,777</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 388,990</u>

**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 8 – Subsequent Events**

Expenditures were paid after June 30, 2019. I was not able to determine if some of these expenditures should have been accrued at June 30, 2019. It also appeared some of these expenditures were for outside service related cost and if the proper IRS reporting forms were completed for these expenditures.

At June 30, 2019, Learning Solutions, Inc. d/b/a Vision Academy ceased operations.

**Note 9 – Risk Management**

Vision Academy is exposed to various risk 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. Management's representation could not be obtained to determine if there were any settled claims that exceeded this commercial coverage during the year ended June 30, 2019.

**Note 10 – Compliance with Laws**

Vision Academy did not file its audit report within six (6) months after the close of the fiscal year. In addition, the organization may have improperly used state Minimum Foundation Programs (MFP) funds to obtain a line of credit to open Dream Academy, LLC, (a Pre-K school) a subsidiary of Vision Academy.

**Note 11 – Concentration of Risk**

Vision Academy received 99% of its revenues for the year ended June 30, 2019, from the State of Louisiana, subject to its charter agreement with the state.

**Note 12 – Basis for Disclaimer of Opinion**

**Dream Academy, LLC consolidation with Vision Academy**

Dream Academy, LLC was formed in November 2016 as a pre-K program and as a subsidiary of Vision Academy. At the time of the audit of Vision Academy, the accounting records for Dream Academy, LLC were not available. Since Dream Academy, LLC is a subsidiary of Vision Academy, accounting principles generally accepted in the United States of America would require Dream Academy, LLC's accounting records be consolidated with Vision Academy.



**Learning Solutions, Inc.**  
**d/b/a Vision Academy**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**Note 12 – Basis for Disclaimer of Opinion (Continued)**

**Uncertain items due to school closure at June 30, 2019**

- (1) Any unfulfilled contracts, if any.
- (2) Lease contracts that have not matured.
- (3) Any legal action to the school, since the Attorney-Client privilege was not waived.
- (4) Any unpaid bills, if any.
- (5) Any other items I was not made aware of since the school closed.
- (6) Representation letter not completed by management.
- (7) IRS penalties for late filing of tax returns.
- (8) Future payroll tax filings for payments after June 30, 2019 and filing of Form 990 after June 30, 2019.

The effects to the accompanying financial statements of the failure to consolidate Dream Academy, LLC's accounting records and the uncertain items due to school closure on June 30, 2019 has not been determined.

**Other Basis for Disclaimer of Opinion**

I was unable to obtain necessary support to reconcile and audit revenues and receivables, accrued expenditures, and property and equipment, which in turn impacted my ability to audit cash and expenditures. Also as described in Note 12, the uncertain items due to the school closure at June 30, 2019. Since the school closed, I was not able to contact management or accounting personnel for the year ended June 30, 2019. I was not able to obtain sufficient appropriate audit evidence about the areas mentioned above through application of other auditing procedures.

## OTHER SUPPLEMENTAL INFORMATION

**Learning Solutions, Inc.  
d/b/a Vision Academy**

**Schedule of Board of Directors  
Year Ended June 30, 2019**

<b>Board Members</b>	<b>Compensation</b>
Chanda Ford	\$ -0-
Akira Black	\$ -0-
Charles Belton	\$ -0-
Frankie Miller	\$ -0-
Jakyranee Phillips	\$ -0-
Bria Savage	\$ -0-
Stephanie Wesley	\$ -0-

See independent auditor's report for disclaimer of opinion.

Learning Solutions, Inc.  
d/b/a Vision Academy

Schedule of Compensation, Benefits, and Other Payments to Agency Head  
Year Ended June 30, 2019

Agency Head Name: Latoya Jackson, Chief Executive Officer

<u>Purpose</u>	<u>Compensation Received</u>
Salary	\$ 57,834
Social Security and Medicare (match paid by agency)	<u>4,309</u>
Total	<u>\$ 62,143</u>

See independent auditor's report for disclaimer of opinion.

REPORTS AND SCHEDULES REQUIRED BY  
GOVERNMENTAL AUDITING STANDARDS

ANTHONY B. BAGLIO, CPA  
PRESIDENT

MEMBER

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants



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Hammond, La 70403

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**ANTHONY B. BAGLIO, CPA**

A PROFESSIONAL ACCOUNTING CORPORATION

September 30, 2020

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

To the Board of Directors of  
Learning Solutions, Inc. d/b/a Vision Academy  
Monroe, Louisiana

I 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 Learning Solutions, Inc. d/b/a Vision Academy (hereafter "Vision Academy") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated September 30, 2020.

My report disclaims an opinion on such financial statements as explained in Note 12 to the financial statements, Vision Academy did not consolidate its financial statements with its subsidiary Dream Academy, LLC as required by accounting principles generally accepted in the United States of America. Also explained in Note 12 to the financial statements, I was unable to obtain necessary support to reconcile and audit revenues and receivables, accrued expenditures, and property and equipment, which in turn impacted my ability to audit cash and expenditures. Also described in Note 12, the uncertain items due to the school closure at June 30, 2019, I was not able to contact management or accounting personnel for the year ended June 30, 2019. I was not able to obtain sufficient appropriate audit evidence about the areas mentioned above through application of other auditing procedures.

**Internal Control over Financial Reporting**

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

Board of Directors  
Learning Solutions, Inc. d/b/a Vision Academy  
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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. My 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 and therefore, material weakness or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of current year audit findings 2019-01, 2019-02, and 2019-03 that I consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Vision Academy's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings as items 2019-04 and 2019-05. Additionally, if the scope of my work had been sufficient to enable me to express an opinion on the financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

### **Vision Academy's Response to Findings**

Vision Academy's response to the findings identified in my audit is described in the accompanying schedule of current year audit findings. Vision Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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 Louisiana Legislative Auditor as a public document.



Anthony B. Baglio, CPA  
A Professional Accounting Corporation  
Hammond, Louisiana

September 30, 2020

Learning Solutions, Inc.  
d/b/a Vision Academy  
Monroe, Louisiana

Schedule of Current Year Audit Findings  
As of and for the Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

I have audited the financial statements of Learning Solutions, Inc. d/b/a Vision Academy as of and for the year ended June 30, 2019, and have issued my report thereon dated September 30, 2020. I conducted my 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. My audit of the financial statements as of June 30, 2019 resulted in a disclaimer of opinion.

**Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material weaknesses identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes  No

**Compliance**

Noncompliance material to financial statement noted?  Yes  No

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings related to the financial statements which are required to be reported in accordance with GAGAS.

My audit of the financial statements as of June 30, 2019 resulted in a disclaimer of opinion. See note 12 to the financial statements.



**Learning Solutions, Inc.  
d/b/a Vision Academy**

**Schedule of Current Year Audit Findings  
As of and for the Year Ended June 30, 2019**

**Internal Control**

**2019-01 Accounting Function of the Organization**

**Criteria**

The organization should have someone in the organization with accounting skills to make sure all accounting functions are done properly and on time.

**Condition**

During the audit period, Vision Academy contracted outside accountants to take care of their accounting records and other accounting and compliance matters. The accountants had to redo accounting records which caused delays in preparing the financial statements. Vision Academy also did not have the personnel to work with the contracted accountants to give them information needed to process the accounting records.

**Cause**

Due to the turnover in accountants contracted with Vision Academy, and not having the personnel to work with the outside accountants, delays occurred in the preparation of Vision Academy's financial statements.

**Effect**

Audit completion date was delayed well after the six-month closing date of the fiscal year. Accounting records were not available for review by management.

**Recommendation**

Organization should have someone with suitable skills, knowledge, and experience overseeing the accounting functions provided by the contracted accountants.

**Management's Corrective Action Plan**

The organization closed on June 30, 2019.

**Learning Solutions, Inc.  
d/b/a Vision Academy**

**Schedule of Current Year Audit Findings  
As of and for the Year Ended June 30, 2019**

**Internal Control**

**2019-02 Accounting Issues**

**Criteria**

Accounting records should have adequate detail in the general ledger. Individual transactions should be recorded rather than totals of transactions. This is needed to determine if items are classified correctly and to perform audit testing.

**Condition**

General ledgers were not available for the entire period to determine if amount were classified correctly. In many cases totals were used to classify items rather than individual items. Beginning net assets did not match the June 30, 2018 audit.

**Cause**

Vision Academy did not have the accounting personnel to work with the outside accountants to make sure the accounting records were prepared correctly.

**Effect**

Caused financial statements to be incorrectly reported.

**Recommendation**

Organization should have someone with suitable skills, knowledge, and experience overseeing the accounting functions to provide accurate accounting records.

**Management's Corrective Action Plan**

The organization closed on June 30, 2019.

**Learning Solutions, Inc.  
d/b/a Vision Academy**

**Schedule of Current Year Audit Findings  
As of and for the Year Ended June 30, 2019**

**Internal Control**

**2019-03 Financial Records**

**Criteria**

Vision Academy should maintain financial records in a manner that will permit the financial statements to be audited. This would include having the documentation to perform required audit procedures.

**Condition**

The financial statements available for audit did not have adequate detail to perform audit testing. The beginning net assets available for audit did not match the ending net assets at June 30, 2018 audit. Supporting documentation to support amounts on the financial statements were not available.

**Cause**

Vision Academy did not have the accounting personnel to maintain the detail documentation for the accounting records, and to work with the outside accountants who prepared the financial statements.

**Effect**

The financial statements were not completed by the statutorily required due date of December 31, 2019. Circumstances caused a disclaimer of opinion for the financial statements.

**Recommendation**

Vision Academy should have someone with suitable skills, knowledge, and experience overseeing the accounting functions provided by the contracted accountants, and maintain the supporting documentation to support the amounts in the financial statements.

**Management's Corrective Action Plan**

The organization closed on June 30, 2019.

**Learning Solutions, Inc.  
d/b/a Vision Academy**

**Schedule of Current Year Audit Findings  
As of and for the Year Ended June 30, 2019**

**Compliance**

**2019-04 Timely Submission of Audit Report**

**Criteria**

The audited financial statements are due to the Louisiana Legislative Auditor's office in a prescribed period of six (6) months after the close of the entity's fiscal year end.

- LRS 24:513 (A) (5)(a)(i) reads "*The Louisiana Governmental Audit Guide is a standard for audits and reviews of auditees within Louisiana and shall be produced by the society and the legislative auditor, with input from the Louisiana Municipal Association, the Louisiana Police Jury Association, the Louisiana School Board Association, and any other interested parties. Such audits shall be completed within six months of the close of the entity's fiscal year.*"
- The Louisiana Governmental Audit Guide requires, "*Compilation, review/attestation, and audit engagements must be completed within six months of the close of the fiscal year. The requirements for the timely completion of the engagement makes engagement planning very important. When reports are issued after the six month statutory issue date the Legislative Auditor requires the auditor to report, as a matter of noncompliance, the failure of the agency to comply with the state audit law, together with a full explanation of the events leading to the noncompliance (whether a part of a compilation review/attestation, or audit report).*"

**Condition**

Vision Academy did not file the June 30, 2019 audited financial statements within six (6) months of the close of the fiscal year.

**Cause**

The cause of this condition was changing accounting firms to do accounting work and not having the personnel to work with the accounting firms.

**Effect**

Failure of Vision Academy to adhere to the requirements of the LSR 24:514 and the Louisiana Governmental Audit Guide's provisions of timely submission of Vision Academy's audited financial statements to the Louisiana Legislative Auditor results in noncompliance with the state audit law and LRS 24:513.

**Learning Solutions, Inc.  
d/b/a Vision Academy  
Monroe, Louisiana**

**Schedule of Current Year Audit Findings  
As of and for the Year Ended June 30, 2019**

**Recommendation**

I recommend that Vision Academy review the provisions of LSR 24:513 and the Louisiana Governmental Audit Guide and become familiar with the fiscal audit deadline and submission requirements.

**Management's Corrective Action Plan**

The organization closed on June 30, 2019.

**Learning Solutions, Inc.  
d/b/a Vision Academy**

**Schedule of Current Year Audit Findings  
As of and for the Year Ended June 30, 2019**

**Compliance**

**2019-05 Organization may have improperly used state Minimum Foundation Programs (MFP) funds to obtain a line of credit to open Dream Academy, LLC, a pre-K school, and subsidiary of Vision Academy.**

**Criteria**

Vision Academy may have improperly used state Minimum Foundation Program (MFP) funds to obtain a line of credit to open Dream Academy, LLC, a pre-K school. Vision Academy received the MFP allocations because Vision Academy was a Type 2 charter school.

**Condition**

The organization used \$100,000 in MFP funds to buy a certificate of deposit (CD) and then pledged the CD as collateral to obtain \$100,000 line of credit to pay expenses to open Dream Academy, LLC, a subsidiary of Vision Academy. They may have violated the state constitution and state law.

**Cause**

The organization did not consult with their funding source before obtaining the loan.

**Effect**

By pledging public funds as collateral for a loan that was used to open Dream Academy, LLC and failing to remit public funds used as collateral upon termination of Vision Academy's charter, Vision Academy's board members and officers participating in the decision-making process may have violated the Louisiana Constitution Article VII, Section 14(A). This states that, "Prohibited Uses, except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

**Recommendation**

I recommend that Vision Academy contact the Department of Education to determine the appropriate steps to resolve the matter.

**Management's Corrective Action Plan**

Vision Academy is working to resolve this matter.

**Learning Solutions, Inc.  
d/b/a Vision Academy**

**Status of Prior Year Audit Findings  
Year Ended June 30, 2019**

Ref No	Fiscal Year Finding Initially Occurred	Description of Finding	Management's Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
<b>Section I - Internal Control and Compliance Material to the Financial Statements:</b>				
	<b><u>Internal Control</u></b>			
	<b>2018-01 – June 30, 2018</b>	Payroll	Not Corrected	The organization closed on June 30, 2019.
	<b>2018-02 – June 30, 2018</b>	Accounting Function of the Organization	Not Corrected	The organization closed on June 30, 2019.
	<b>2018-03 – June 30, 2018</b>	Accounting Issues	Not Corrected	The organization closed on June 30, 2019.
	<b><u>Compliance</u></b>			
	<b>2018-04 – June 30, 2017</b>	Timely Submission of Audit Report	Not Corrected	The organization closed on June 30, 2019.
	<b>2018-05 – June 30, 2018</b>	Organization may have improperly used state Minimum Foundation Programs (MFP) funds to obtain a line of credit to open Dream Academy, LLC, a pre-K school, and subsidiary of Vision Academy	Not Corrected	The organization closed on June 30, 2019.

**Section II- Internal Control and Compliance Material to the Federal Awards**  
No Findings for Section II

**Section III – Management Letter**  
No Findings for Section III