
LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lycée Français de la Nouvelle-Orléans
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lycée Français de la Nouvelle-Orléans (a nonprofit organization) (Lycée) which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to on the previous page present fairly, in all material respects, the financial position of Lycée Français de la Nouvelle-Orléans as of June 30, 2021 and **2020**, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included on pages 18 – 21 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The performance and statistical data included on pages 24 – 28 are presented as supplementary information required by Louisiana State Law and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of Lycée’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 Lycée’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* and in considering Lycée’s internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
March 29, 2022

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 6,025,586	\$ 6,925,060
Grants receivable - due from private foundations	-	96,250
Grants receivable - due from government agencies	485,852	272,090
Prepaid expenses	-	4,487
Total current assets	<u>6,511,438</u>	<u>7,297,887</u>
<u>NONCURRENT ASSETS</u>		
Property and equipment, net	9,397,858	2,031,236
Cash restricted for long-term purposes	1,631,195	95,372
Promises to give for long-term purposes, net	147,151	204,925
Total noncurrent assets	<u>11,176,204</u>	<u>2,331,533</u>
Total assets	<u>\$ 17,687,642</u>	<u>\$ 9,629,420</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 3,309,921	\$ 940,938
Deferred revenue	-	52,285
Paycheck Protection Program loan	1,611,300	1,611,300
Total current liabilities	<u>4,921,221</u>	<u>2,604,523</u>
<u>NONCURRENT LIABILITIES</u>		
Notes payable	4,096,002	-
Total noncurrent liabilities	<u>4,096,002</u>	<u>-</u>
Total liabilities	<u>9,017,223</u>	<u>2,604,523</u>
<u>NET ASSETS</u>		
Without donor restrictions	7,834,243	5,993,571
With donor restrictions	836,176	1,031,326
Total net assets	<u>8,670,419</u>	<u>7,024,897</u>
Total liabilities and net assets	<u>\$ 17,687,642</u>	<u>\$ 9,629,420</u>

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Federal grants	\$ 1,258,562	\$ -	\$ 1,258,562	\$ 610,485	\$ -	\$ 610,485
State grants	11,818,024	-	11,818,024	11,031,554	-	11,031,554
Tuition and activity income	141,473	-	141,473	358,873	-	358,873
Contributions	289,408	37,242	326,650	238,536	598,559	837,095
Food service	-	-	-	76,034	-	76,034
Other income	224,600	-	224,600	104,046	-	104,046
Net assets released from restrictions	232,392	(232,392)	-	215,643	(215,643)	-
Total revenues and support	<u>13,964,459</u>	<u>(195,150)</u>	<u>13,769,309</u>	<u>12,635,171</u>	<u>382,916</u>	<u>13,018,087</u>
Expenses:						
Program services:						
Elementary and kindergarten	5,060,857	-	5,060,857	4,438,621	-	4,438,621
Prekindergarten	487,533	-	487,533	391,578	-	391,578
Special education	1,409,034	-	1,409,034	1,057,776	-	1,057,776
Operations and maintenance	731,100	-	731,100	618,034	-	618,034
Extracurricular activities	-	-	-	16,666	-	16,666
Aftercare	108,394	-	108,394	205,204	-	205,204
Student services	1,695,351	-	1,695,351	1,251,355	-	1,251,355
Other program services	73,145	-	73,145	222,334	-	222,334
Total program services	<u>9,565,414</u>	<u>-</u>	<u>9,565,414</u>	<u>8,201,568</u>	<u>-</u>	<u>8,201,568</u>
Support services	3,020,462	-	3,020,462	3,194,421	-	3,194,421
Total expenses	<u>12,585,876</u>	<u>-</u>	<u>12,585,876</u>	<u>11,395,989</u>	<u>-</u>	<u>11,395,989</u>
Capital contributions	462,089	-	462,089	-	-	-
Change in net assets	1,840,672	(195,150)	1,645,522	1,239,182	382,916	1,622,098
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>5,993,571</u>	<u>1,031,326</u>	<u>7,024,897</u>	<u>4,754,389</u>	<u>648,410</u>	<u>5,402,799</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 7,834,243</u>	<u>\$ 836,176</u>	<u>\$ 8,670,419</u>	<u>\$ 5,993,571</u>	<u>\$ 1,031,326</u>	<u>\$ 7,024,897</u>

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			
	Supporting Services			
	Program	Management and General	Fundraising	Total
Salaries	\$ 6,548,935	\$ 1,491,377	\$ 50,219	\$ 8,090,531
Employee benefits	1,043,970	339,955	8,537	1,392,462
Materials and supplies	1,014,241	148,716	618	1,163,575
Occupancy	731,905	166,675	5,612	904,192
Professional and technical services	167,527	265,346	315	433,188
Miscellaneous	58,836	484,700	58,392	601,928
Total expenses	\$ 9,565,414	\$ 2,896,769	\$ 123,693	\$ 12,585,876

(continued)

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2020			
	Supporting Services			
	Program	Management and General	Fundraising	Total
Salaries	\$ 5,610,485	\$ 1,484,331	\$ 106,174	\$ 7,200,990
Employee benefits	957,924	283,425	18,482	1,259,831
Materials and supplies	701,293	137,181	2,662	841,136
Occupancy	618,034	163,509	11,696	793,239
Professional and technical services	133,961	288,796	1,740	424,497
Miscellaneous	179,871	554,858	141,567	876,296
Total expenses	\$ 8,201,568	\$ 2,912,100	\$ 282,321	\$ 11,395,989

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 1,645,522	\$ 1,622,098
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	154,880	164,636
(Recovery of) bad debt expense	(58,680)	43,366
Contributions for long-term purposes	-	(48,974)
Changes in operating assets and liabilities:		
Accounts receivable	-	104,538
Grants receivable	(117,512)	(197,677)
Prepaid expenses	4,487	224,303
Accounts payable and accrued expenses	28,953	258,973
Deferred revenue	(52,285)	(60,549)
Net cash provided by operating activities	1,605,365	2,110,714
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(5,181,472)	(367,361)
Net cash used in investing activities	(5,181,472)	(367,361)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Promises to give for long-term purposes	116,454	63,183
Paycheck Protection Program loan proceeds	-	1,611,300
Proceeds from notes payable	4,096,002	-
Net cash provided by financing activities	4,212,456	1,674,483
Net change in cash	636,349	3,417,836
Cash, beginning of year	7,020,432	3,602,596
Cash, end of year	\$ 7,656,781	\$ 7,020,432
<u>RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION</u>		
Cash	\$ 6,025,586	\$ 6,925,060
Cash restricted for long-term purposes	1,631,195	95,372
Total cash and restricted cash	\$ 7,656,781	\$ 7,020,432
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Capital contribution from third party	\$ 462,089	\$ -
Net capitalized interest in construction in progress	\$ 8,469	\$ -
Noncash investing transaction:		
Change in accounts payable related to property and equipment	\$ 2,340,030	\$ -

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Lycée Français de la Nouvelle-Orléans (Lycée or LFNO) was incorporated as an educational institution organized to create a top-notch academic and multicultural school environment to inspire its students to reach their full potential. Lycée commenced operations with the 2011-2012 school year. At June 30, 2021, Lycée offers classes in Pre-K4 through tenth grade organized per the French education model.

The Board of Elementary and Secondary Education (BESE) approved the granting of a charter to Lycée effective June 30, 2011 for an initial period ending on June 30, 2016, to operate a Type 2 Charter School, as defined in LA R.S. 17:3998(A)(2). This charter was renewed on July 1, 2016 for seven years ending on June 30, 2023.

During the year ended June 30, 2018, Amis du Lycée Français (Amis du Lycée) was incorporated as a supporting foundation organized to assist Lycée with fundraising.

During the year ended June 30, 2020, 1601 Leonidas LLC (1601 Leonidas) was formed to assist Lycée with the rehabilitation and development of a historic building located at 1601 Leonidas Street, New Orleans, Louisiana. The building will be used as a school building upon completion. In February 2020, Lycée contributed its interest in the property at 1601 Leonidas Street to 1601 Leonidas. On July 1, 2020, Lycée transferred 100% of its membership interest in 1601 Leonidas to a newly formed entity, 1601 Leonidas Managing Member Inc., (1601 Managing Member) a Louisiana business corporation, in exchange for all the common stock of 1601 Managing Member.

The consolidated financial statements include the accounts of Lycée, Amis du Lycée, and 1601 Leonidas (collectively, the Organization) because Lycée has a controlling financial interest in Amis du Lycée and through an operating lease agreement with 1601 Leonidas, a special-purpose entity lessor. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting and Presentation of Net Assets

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

US GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation of Net Assets (continued)

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

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Recently Adopted Accounting Standards

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. There were no material changes to recognition or presentation of revenue as a result of the application of this ASU.

Cash

Cash includes amounts on deposit at local financial institutions. The Organization held no cash equivalents as of June 30, 2021 and 2020.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2021 and 2020, management did not deem any grants receivable to be uncollectable; therefore, no allowance was recorded.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. For the year ended June 30, 2021, the Organization recorded \$5,400 of bad debt expense and \$64,080 of recovery of bad debt. The net amount of \$58,680 is included in miscellaneous expense by nature and management and general by function on the consolidated statement of functional expenses. At June 30, 2021 and 2020, management has established an allowance of \$30,493 and \$112,473, respectively, for estimated uncollectable promises to give.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000 and expenditures for repairs and improvements that materially prolong the useful lives of assets capitalized. Property is recorded at historical cost or, if donated, at the approximate fair value at the date of donation.

Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 5 years for technology, 5-7 years for leasehold improvements, 7-10 years for furniture and equipment and 39 years for building. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021 and 2020.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Revenues from federal and state grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. Lycée recognized as revenue all funds related to these grants during the year ended June 30, 2021.

Tuition and activity income includes school year tuition for Pre-K4, summer camp tuition, and fees related to afterschool care services. Tuition and activity income received in the current academic year that are applicable to the following academic year are deferred and amortized in the following academic year over a set timeframe.

Contributed Services

Lycée receives services donated by parents and community members in carrying out Lycée's mission; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by US GAAP.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the disclosures and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the instructional and supporting services benefited. The majority of costs incurred are charged directly to the function that benefits from the expense. Key expense categories that are allocated include salaries and benefits as well as occupancy. Salaries and benefits are allocated based on time and effort. Occupancy is allocated based on use of space.

Tax Exempt Status

Lycée and Amis du Lycée are nonprofit organizations exempt from income taxes under provisions of the Internal Revenue Service Code Sections 501(c)(3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes. 1601 Leonidas LLC is incorporated as a low profit limited liability company subject to Internal Revenue Service Code Section 170(c)(2)(b) and Louisiana Act 417 of 2010.

Lycée applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, Lycée has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

Reclassification

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year presentation.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Issued but Not Yet Adopted

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*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's fiscal year ending June 30, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, to simplify the lease standard's implementation. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Organization's fiscal year ending June 30, 2023.

The Organization is currently assessing the impact of these pronouncements on its consolidated financial statements.

2. Liquidity and Availability

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

LFNO receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding (MFP) and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments.

The Organization manages its available cash to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance for 60 days of operating expenses.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Liquidity and Availability (continued)

The following represents the Organization's financial assets and those available to meet general expenditures within twelve months at June 30.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 7,656,781	\$ 7,020,432
Grants receivable - due from private foundations	-	96,250
Grants receivable - due from government agencies	485,852	272,090
Promises to give for long-term purposes, net	<u>147,151</u>	<u>204,925</u>
Total financial assets	8,289,784	7,593,697
Less amounts not available to be within one year for general expenditures		
Net assets with donor restrictions	<u>531,176</u>	<u>1,031,326</u>
	<u>531,176</u>	<u>1,031,326</u>
Financial assets available for general expenditures within one year	<u>\$ 7,758,608</u>	<u>\$ 6,562,371</u>

3. Property and Equipment

Property and equipment is summarized as follows at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 360,000	\$ 360,000
Building and improvements	66,009	44,875
Leasehold improvements	397,873	405,553
Furniture, fixtures, and equipment	544,930	549,260
Construction-in-progress	<u>8,794,674</u>	<u>1,282,296</u>
	10,163,486	2,641,984
Less accumulated depreciation	<u>(765,628)</u>	<u>(610,748)</u>
Property and equipment, net	<u>\$ 9,397,858</u>	<u>\$ 2,031,236</u>

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 95,506	\$ 154,558
In one to five years	82,138	162,840
	<u>177,644</u>	<u>317,398</u>
Less allowance for uncollectable promises to give	<u>(30,493)</u>	<u>(112,473)</u>
	<u>\$ 147,151</u>	<u>\$ 204,925</u>

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Priestley campus development - time and purpose restrictions	\$ 531,176	\$ 552,326
High school start-up and growth - time and purpose restrictions	305,000	459,000
Purpose restricted for virtual learning development	-	20,000
	<u>\$ 836,176</u>	<u>\$ 1,031,326</u>

6. Operating Leases

At June 30, 2021, Lycée had several lease agreements in place for the school facilities used. Lycée currently leases facilities at its Patton Street and Eleonore Street campuses. The remaining lease terms range from one to six years and have maturities ranging from 2022 to 2027. All leases in effect as of June 30, 2021, have renewal options. The fixed minimum amount for the Patton Street lease will increase at 5% annually.

Future minimum lease payments under operating leases as of June 30, 2021 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 352,032
2023	331,833
2024	348,425
2025	365,846
2026	384,138
Thereafter	403,345

Rent expense for all operating leases for the years ended June 30, 2021 and 2020 was \$354,504 and \$392,920, respectively.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Operating Leases (continued)

On July 1, 2018, Lycée entered into a lease agreement with the Orleans Parish School Board (OPSB) for the use of facilities and its contents at its Johnson location. The lease expired on June 30, 2021, and was renewed through June 30, 2023. Lycée agrees to pay OPSB a Use Fee and participate in OPSB's Per Pupil Unit Cost Program (Unit Cost Program). The Use Fee shall be the per pupil share of the actual costs of the property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Unit Cost Program, including any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship. The land and building is not owned by Lycée and, therefore, is not included in property and equipment.

On July 1, 2020, Lycée entered into a lease agreement with OPSB for the use of facilities and its contents at its McNair location. The lease expired on June 30, 2021, and was renewed through June 30, 2023. Lycée agrees to pay OPSB a Use Fee and participate in OPSB's Per Pupil Unit Cost Program (Unit Cost Program). The Use Fee shall be the per pupil share of the actual costs of the property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Unit Cost Program, including any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship. The land and building is not owned by Lycée and, therefore, is not included in property and equipment.

7. State Tax Credit for Qualified Rehabilitation of Historic Structure

During the year ended June 30, 2021, the Organization entered into an historic tax credit purchase agreement with Enhanced Capital Consulting, Inc. (Enhanced Capital) to fund the construction of a new campus located at 1601 Leonidas Street, New Orleans, Louisiana (the Project). The Organization expects to incur qualified rehabilitation expenses in the amount of approximately \$11,500,000 on construction of the new campus. Under LA R.S. 47:6019, the Organization is eligible to receive twenty percent (20%) of total eligible rehabilitation expenditures through the Louisiana Department of Revenue (LDR), upon confirmation of the certified amount of the tax credit by the LDR. Pursuant to an agreement between Enhanced Capital and the Organization, the Organization will sell Enhanced Capital 100% of the tax credits generated. Construction is expected to be completed in March 2022 at which point final certifications will be submitted to the LDR for confirmation of the amount of tax credits earned.

8. Notes Payable

During the year ended June 30, 2021, the Organization entered into a \$3,138,856 non-revolving line of credit loan agreement with a financial institution to finance the construction, rehabilitation, and development of the new campus described in Note 7. The loan has an annual interest rate of 1.25% over the prime rate as published in the Wall Street Journal and is secured by substantially all assets of the Organization. Accrued interest shall be due and payable in monthly installments beginning September 1, 2020, until maturity on which date any unpaid accrued interest shall be due and payable in full. Principal shall be due and payable in a single payment on July 31, 2022. At June 30, 2021, the balance on the loan was \$1,228,801.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Notes Payable (continued)

During the year ended June 30, 2021, the Organization entered into a \$9,475,970 promissory note with a third party lender to finance the construction, rehabilitation, and development of the new campus described in Note 7. The loan has an interest rate of 0% from the date of the loan until September 30, 2021, 1% for the following year and will increase 1% per annum to a maximum of 5%. Until the full enrollment date, the loan is amortized at one-twelfth of 1% of the outstanding principal balance as of September 30, 2021 and, on and after the full enrollment date, one-twelfth of 2% of the principal balance. Full enrollment is defined as the first date the school achieves enrollment equal to 100% of capacity permitted by the agreement with the authorizer which at this time is the Board of Elementary and Secondary Education of the State of Louisiana. The loan is secured by all property, rights, interests and privileges subject to the liens granted the lender, or any security trustee of 1601 Leonidas LLC; including the construction documents (General Contractor and Architect) during the construction of the property. The loan matures on the first day of the month following the date that is sixty-one months after the date on which the Project is placed in service. The Project was placed in service in December 2021. At June 30, 2021, the balance on the promissory note was \$2,867,201.

9. Defined Contribution Retirement Plan

Lycée has a defined contribution plan (the Plan) that was adopted on July 20, 2011. The Plan covers all employees of Lycée who are twenty-one years of age or older and who have completed one year of continuous service with 1,000 hours. Under the terms of the Plan, Lycée matches 100% of the first 5% of eligible compensation. For the years ended June 30, 2021 and 2020, Lycée made employer matching contributions to the Plan of \$253,909 and \$298,242, respectively.

10. Credit Risk Concentration

The Organization deposits its cash with financial institutions in the greater New Orleans area. As of June 30, 2021 and 2020, all cash accounts at each financial institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation. From time to time the amounts on deposit may exceed the federally insured limits. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

11. Contingencies – Grant Programs

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Economic Dependency

Lycée receives the majority of its revenue from MFP and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds Lycée receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds Lycée will receive relating to its grant awards.

13. Paycheck Protection Program

During the year ended June 30, 2020, Lycée applied for and was approved for a \$1,611,300 loan under the Paycheck Protection Program administered by the Small Business Administration as part of the relief efforts related to COVID-19. The loan accrues interest at a fixed rate of 1.00% but payments are not required to begin for ten months after the funding of the loan. Lycée is eligible for forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal Government. The loan was fully forgiven in December 2021.

14. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 29, 2022, and determined that other than the matters regarding the Project placed in service in December 2021 described in Note 8 and the Paycheck Protection Program described in Note 13, there were no other events that require additional disclosure.

No events after this date have been evaluated for inclusion in the consolidated financial statements.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

	Lycée Français de la Nouvelle-Orléans	Amis du Lycée Français	1601 Leonidas, LLC	Eliminations	Consolidated Total
<u>CURRENT ASSETS</u>					
Cash	\$ 6,025,586	\$ -	\$ -	\$ -	\$ 6,025,586
Grants receivable - due from government agencies	485,852	-	-	-	485,852
Due from related parties	1,072,625	250,595	-	(1,323,220)	-
Total current assets	7,584,063	250,595	-	(1,323,220)	6,511,438
<u>NONCURRENT ASSETS</u>					
Property and equipment, net	243,184	-	9,154,674	-	9,397,858
Cash restricted for long-term purposes	-	120,329	1,510,866	-	1,631,195
Promises to give for long-term purposes, net	-	147,151	-	-	147,151
Investment in 1601 Leonidas, LLC	2,686,442	-	-	(2,686,442)	-
Total noncurrent assets	2,929,626	267,480	10,665,540	(2,686,442)	11,176,204
Total assets	\$ 10,513,689	\$ 518,075	\$ 10,665,540	\$ (4,009,662)	\$ 17,687,642

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>					
Accounts payable and accrued expenses	\$ 959,040	\$ 1,313	\$ 2,349,568	\$ -	\$ 3,309,921
Due to related parties	250,595	-	1,072,625	(1,323,220)	-
Paycheck Protection Program loan	1,611,300	-	-	-	1,611,300
Total current liabilities	2,820,935	1,313	3,422,193	(1,323,220)	4,921,221
<u>NONCURRENT LIABILITIES</u>					
Notes payable	-	-	4,096,002	-	4,096,002
Total noncurrent liabilities	-	-	4,096,002	-	4,096,002
Total liabilities	2,820,935	1,313	7,518,195	(1,323,220)	9,017,223
<u>NET ASSETS</u>					
Without donor restrictions (deficit)	7,387,754	(14,414)	3,147,345	(2,686,442)	7,834,243
With donor restrictions	305,000	531,176	-	-	836,176
Total net assets	7,692,754	516,762	3,147,345	(2,686,442)	8,670,419
Total liabilities and net assets	\$ 10,513,689	\$ 518,075	\$ 10,665,540	\$ (4,009,662)	\$ 17,687,642

See accompanying independent auditors' report.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Lycée Français de la Nouvelle-Orléans			Amis du Lycée Français		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Federal grants	\$ 1,258,562	\$ -	\$ 1,258,562	\$ -	\$ -	\$ -
State grants	11,818,024	-	11,818,024	-	-	-
Tuition and activity income	141,473	-	141,473	-	-	-
Contributions	289,408	-	289,408	-	37,242	37,242
Other income	206,153	-	206,153	18,447	-	18,447
Net assets released from restrictions	174,000	(174,000)	-	58,392	(58,392)	-
Total revenues and support	13,887,620	(174,000)	13,713,620	76,839	(21,150)	55,689
Expenses:						
Program services:						
Elementary and kindergarten	5,060,857	-	5,060,857	-	-	-
Prekindergarten	487,533	-	487,533	-	-	-
Special education	1,409,034	-	1,409,034	-	-	-
Operations and maintenance	731,100	-	731,100	-	-	-
Aftercare	108,394	-	108,394	-	-	-
Student services	1,695,351	-	1,695,351	-	-	-
Other program services	73,145	-	73,145	-	-	-
Total program services	9,565,414	-	9,565,414	-	-	-
Support services	2,932,030	-	2,932,030	87,246	-	87,246
Total expenses	12,497,444	-	12,497,444	87,246	-	87,246
Capital contributions	-	-	-	-	-	-
Change in net assets	1,390,176	(174,000)	1,216,176	(10,407)	(21,150)	(31,557)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	5,997,578	479,000	6,476,578	(4,007)	552,326	548,319
<u>NET ASSETS AT END OF YEAR</u>	\$ 7,387,754	\$ 305,000	\$ 7,692,754	\$ (14,414)	\$ 531,176	\$ 516,762

(continued)

See accompanying independent auditors' report.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	1601 Leonidas, LLC			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues and support:					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 1,258,562
State grants	-	-	-	-	11,818,024
Tuition and activity income	-	-	-	-	141,473
Contributions	-	-	-	-	326,650
Other income	-	-	-	-	224,600
Net assets released from restrictions	-	-	-	-	-
	-	-	-	-	-
Total revenues and other support	-	-	-	-	13,769,309
Expenses:					
Program services:					
Elementary and kindergarten	-	-	-	-	5,060,857
Prekindergarten	-	-	-	-	487,533
Special education	-	-	-	-	1,409,034
Operations and maintenance	-	-	-	-	731,100
Aftercare	-	-	-	-	108,394
Student services	-	-	-	-	1,695,351
Other program services	-	-	-	-	73,145
Total program services	-	-	-	-	9,565,414
Support services	1,186	-	1,186	-	3,020,462
	1,186	-	1,186	-	12,585,876
Total expenses	1,186	-	1,186	-	12,585,876
Capital contributions	1,506,235	-	1,506,235	(1,044,146)	462,089
Change in net assets	1,505,049	-	1,505,049	(1,044,146)	1,645,522
<u>NET ASSETS AT BEGINNING OF YEAR</u>	1,642,296	-	1,642,296	(1,642,296)	7,024,897
<u>NET ASSETS AT END OF YEAR</u>	\$ 3,147,345	\$ -	\$ 3,147,345	\$ (2,686,442)	\$ 8,670,419

(concluded)

See accompanying independent auditors' report.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

Agency Head Name: Marina Schoen, CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 135,000
Benefits - insurance	4,928
Registration fees	100
Benefits - retirement	10,800
Reimbursements	1,580
	<u>\$ 152,408</u>

See accompanying independent auditors' report.

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

To the Board of Directors of
Lycée Français de la Nouvelle-Orléans
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Lycée Français de la Nouvelle-Orléans (the Organization) which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.



Compliance and Other Matters

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

Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Foundation's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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.

Postlethwaite & Netterville

Metairie, Louisiana
March 29, 2022

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

FINDING – FINANCIAL STATEMENT AUDIT

2021-001: Internal Control over Financial Statement Preparation of the Consolidated Subsidiary

Criteria: The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity’s ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual consolidated financial statements, which for the Organization, is that consolidated financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: On July 1, 2020 Lycée transferred 100% of its membership interest in 1601 Leonidas to a newly formed entity named 1601 Managing Member Inc. (“Consolidated Subsidiary”). During our search for unrecorded liabilities for the consolidated subsidiary, we noted that an invoice for construction services incurred in June was not recorded as a payable by the subsidiary in the proper period. We also noted that the associated retainage payable for the construction in progress was not recorded. As such, upon consolidation, payables and property and equipment were understated at year-end prior to the correction.

Cause: The Consolidating Subsidiary is in the first year of operations and the accounting is done by a third-party vendor. The trial balance provided by the third-party vendor did not properly reflect the outstanding payable for construction costs incurred in June and the related retainage payable.

Effect: The Organization has a significant deficiency in their internal control over financial reporting as it relates to the consolidated subsidiary.

Recommendation: We recommend that management review open invoices for construction costs and retainage payable for the Consolidated Subsidiary for a minimum of 60 days past year end to ensure that all payables are properly recorded at fiscal year-end.

View of Responsible Official: Management agrees and is concurrently making updates to our policies, procedures, and related control processes and will include a specific policy related to construction projects and retainage payable.

OTHER REPORTS

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors
Lycée Français de la Nouvelle-Orléans
New Orleans, Louisiana:

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

Lycée has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on Schedule 1:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue (no revenue reported),
 - Total Local Earnings on Investment in Real Property (no revenue reported),
 - Total State Revenue in Lieu of Taxes (no revenue reported),
 - Nonpublic Textbook Revenue (no revenue reported), and
 - Nonpublic Transportation Revenue (no revenue reported).

We noted no exceptions.

Class Size Characteristics (Schedule 2)

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

We noted no exceptions.

Education Levels/Experience of Public School Staff

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

We noted one exception in which an individual's years of experience was not able to be traced to the individual's personnel file, therefore we are not able to determine whether individual's years of experience was classified correctly on the PEP data.

Public School Staff Data: Average Salaries

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

We noted no exceptions.

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



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

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

Postlethwaite & Netterville

Metairie, Louisiana
March 29, 2022

Schedule 1: Lycée Français de la Nouvelle-Orléans
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2021

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	4,346,065	
Other Instructional Staff Activities		886,050	
Employee Benefits		807,068	
Purchased Professional and Technical Services		111,113	
Instructional Materials and Supplies		280,700	
Instructional Equipment		15,259	
Total Teacher and Student Interaction Activities		6,446,255	6,446,255

Other Instructional Activities

-

Pupil Support Activities

889,405

Less: Equipment for Pupil Support Activities

-

Net Pupil Support Activities

889,405

Instructional Staff Services

349,223

Less: Equipment for instructional staff services

-

Net Instructional Staff Services

349,223

School Administration

646,655

Less: Equipment for School Administration

-

Net School Administration

646,655

Total General Fund Instructional Expenditures

\$ 8,331,538

Total General Fund Equipment Expenditures

\$ 15,259

Certain Local Revenue Sources

Not Applicable

Prepared by Lycée Français de la Nouvelle-Orléans

**Schedule 2: Class Size Characteristics
As of October 1, 2020**

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	12%	32	72%	189	7%	19	9%	23
Elementary Activity Classes	5%	2	64%	25	28%	11	3%	1
Middle/Junior High	0%	-	21%	17	63%	52	16%	13
Middle/Junior High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	7%	3	0%	-	80%	35	14%	6
High Activity Classes	0%	-	0%	-	20%	1	80%	4
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

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

Prepared by Lycée Français de la Nouvelle-Orléans

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

**REPORTS ON INTERNAL CONTROL AND ON
COMPLIANCE AND OTHER MATTERS**

JUNE 30, 2021

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

To the Board of Directors of
Lycée Français de la Nouvelle-Orléans
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Lycée Français de la Nouvelle-Orléans' (a nonprofit organization) (Lycée) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Compliance Supplement* that could have a direct and material effect on each of Lycée's major federal programs for the year ended June 30, 2021. Lycée's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002.

The Organization's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Lycée as of and for the year ended June 30, 2021, and have issued our report thereon dated March 29, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
March 29, 2022

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

EXHIBIT B
PAGE 1 of 1

Federal Grantor/Pass- Through Grantor	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>United States Department Agriculture</u>			
Passed through the Louisiana Department of Education:			
Summer Food Service Program for Children	10.559 ¹	Unknown	\$ 477,714
National School Lunch Program	10.555 ¹	Unknown	19,026
Child and Adult Care Food Program	10.558	Unknown	<u>33,367</u>
Total United States Department of Agriculture			<u>530,107</u>
 <u>United States Department of Education</u>			
Passed through the Louisiana Department of Education:			
Title I - Grants to Local Education Agencies	84.010A	28-21-T1-L1	282,813
Direct Student Services - Grants to Local Education Agencies	84.010A	28-21-DSS-L1	<u>7,465</u>
			290,278
Title II - Part A, Teacher & Principal Training & Recruiting	84.367A	28-21-50-L1	19,466
Special Education, IDEA	84.027A ²	28-21-B1-L1	162,871
Special Education, Preschool Grants	84.173A ²	28-21-P1-L1	2,892
Education Stabilization Fund - COVID-19			
CARES - GEERF	84.425C	28-20-GERF-L1	48,569
CARES - ESSER Formula	84.425D	28-20-ESRF-L1	157,353
CARES - ESSER Incentive	84.425D	28-20-ESRI-L1	<u>47,026</u>
Total Education Stabilization Fund			252,948
Total United States Department of Education			<u>728,455</u>
Total Expenditures of Federal Awards			<u>\$ 1,258,562</u>

¹ Child nutrition cluster - \$496,740

² Special education cluster - \$165,763

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

EXHIBIT C
Page 1 of 1

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Lycée Français de la Nouvelle-Orléans (Lycée) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lycée, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lycée. Lycée's reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2021.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to Lycée's consolidated financial statements for the year ended June 30, 2021. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

3. Relationship to Consolidated Financial Statements

Federal revenues of \$1,258,562 are included in the Consolidated Statement of Activities.

4. De Minimis Cost Rate

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

5. Amounts Passed through to Subrecipients

During the year ended June 30, 2021, Lycée did not pass through any federal funding to subrecipients.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

EXHIBIT D
Page 1 of 2

(1) Summary of Independent Auditors' Results

Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

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

Any audit findings which are required to be reported under the Uniform Guidance? No

Identification of major programs:

Child Nutrition Cluster:

10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

Education Stabilization Fund (ESF):

84.425C	COVID-19 Governor's Emergency Education Relief Fund (GEERF)
84:425D	COVID-19 ESSERF Incentive
84:425D	COVID-19 ESSERF II Formula

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee under Section 530 of The Uniform Guidance: No

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

EXHIBIT D
Page 2 of 2

(2) Findings and Questioned Costs relating to Federal Awards:

2021-002: Equipment and Real Property - Internal Controls

84.425C Education Stabilization Fund (ESF)

Questioned Costs: None determined.

Criteria: Internal controls over fixed assets should be in place to ensure proper accounting and financial reporting of these items as well as the safeguarding of those assets for unauthorized use or disposition. The property control system shall include an annual inventory and evaluation of all fixed assets with a value of \$5,000 or more.

Universe/Population: n/a

Condition: The current accounting procedures over fixed assets are not being implemented by the Organization's personnel. An annual physical inventory count at the building level was not performed in accordance with established policy as noted in the above criteria.

Cause: Due to turnover in the Organization the annual inventory count was not performed.

Effect: Without proper tracking, equipment acquired under Federal awards may have the potential for unauthorized use or disposition.

Recommendation: The Organization should consider providing additional training to IT personnel and remind them of the importance of established procedures and the implementation of those procedures to ensure proper internal controls to avoid misappropriation of assets acquired under Federal awards.

View of Responsible Official: Management agrees and is concurrently making updates to our policies, procedures, and related control processes as well.

(3) No Schedule of Prior Year Findings and Questioned Costs is presented as this is the first year a single audit has been required.



Corrective Action Plan for the Audit Findings for the year ended June 30, 2021

Submitted to:

Postlethwaite & Netterville, APAC
1 Galleria Blvd, Suite 2100
Metairie, LA 70001

Lycée Français de la Nouvelle-Orléans' (a nonprofit organization) (Lycée) respectively submits the following corrective action plan for the year ended June 30, 2021.

RESPONSES TO FINDINGS:

2021-001: Internal Control over Financial Statement Preparation

Response: We agree with the auditors' comments. We are concurrently making updates to our policies, procedures, and related control processes and will include a specific policy related to construction projects and retainage payable. Although an external vendor completed the initial set-up of the 1601 entity and managed all accounting functions related to the entity, effective immediately, monthly reporting will be completed collaboratively by Lycée's CFO and the vendor for the 2021-2022 year and subsequent years.

2021-002: Equipment and Real Property - Internal Controls

Response: We agree with the auditors' comments. We are concurrently making updates to our policies, procedures, and related control processes as well. The recently hired IT Director, Jordan Drew, will be responsible for this function moving forward and will have the project substantially complete prior to June 30, 2022.

Signature:

Date: March 29, 2022

Keeanya Chenier, MPA
Chief Financial Officer