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

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of Lafayette Charter Foundation, Inc. (the Foundation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statement of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statement of financial position, combining statement of activities and changes in net assets, Acadiana Renaissance Charter Academy statement of functional expenses, Lafayette Renaissance Charter Academy statement of functional expenses, the combining statement of financial position to fund balance reconciliation, the changes in the combining statement of activities and changes in net assets to changes in fund balance and the Schedule of Compensation, Benefits and Other Payments to Board President presented on pages 15-21, as well as the schedule of expenditures of federal awards presented on pages 26-27, as required by Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The performance and statistical data included on pages 35-37 are presented as supplementary information required by Louisiana State Law and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 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 December 31, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 31, 2020

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 2,059,287
Cash - restricted	179,603
Grants receivable	290,693
Prepaid expenses and other	49,931
Total current assets	<u>2,579,514</u>

**PROPERTY AND EQUIPMENT (NET):**

19,298,733

**NON-CURRENT ASSETS:**

Other deposits	3,141
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Total assets

\$ 21,881,388

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 180,035
Accrued payroll and related expenses	855,885
Accrued other expenses	19,319
Other payables	17,627
Due to CSUSA	356,276
Deferred revenues	10,472
Accrued interest payable - short term portion	8,399
Capital lease payable - short term portion	721,959
Note payable	175,000
Funds held in custody	179,603
Total current liabilities	<u>2,524,575</u>

**LONG TERM LIABILITIES:**

Capital lease payable	24,108,433
Total long-term liabilities	<u>24,108,433</u>

**NET DEFICIT:**

Without donor restrictions	(4,751,620)
Total net deficit	<u>(4,751,620)</u>

Total liabilities and net deficit

\$ 21,881,388

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

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Revenue, Grants and Other Support**

Minimum Foundation Program (MFP)	\$ 18,464,215
Federal grants	1,383,088
State grants	139,846
Paid meals	123,665
Before and aftercare fees	274,393
E-rate revenues	14,131
Interest income	5,513
Other income	1,569
Total revenues and support without donor restrictions	<u>20,406,420</u>

**Expenses:**

Program services:	
Regular education	12,353,689
Special education	2,348,008
Other education	160,983
Total program services	<u>14,862,680</u>
Supporting services:	
Management and general	<u>5,732,052</u>
Total expenses	<u>20,594,732</u>
Change in net assets	(188,312)

**NET DEFICIT AT BEGINNING OF THE YEAR** (4,563,308)

**NET DEFICIT AT END OF THE YEAR** \$ (4,751,620)

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



**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Program Services</b>			<b>Supporting Services</b>	<b>Total</b>
	<b>Regular Education</b>	<b>Special Education</b>	<b>Other Education</b>	<b>Management &amp; General</b>	
Salaries	\$ 5,788,753	\$ 1,281,136	\$ 126,274	\$ 644,831	\$ 7,840,994
Benefits	1,046,608	230,967	15,422	127,775	1,420,772
Professional Services	13,980	1,572	-	109,438	124,990
Contracted/Vendor Services	762,141	300,989	-	2,194,976	3,258,106
Professional Development	62,778	7,061	-	-	69,839
Supplies/Materials	648,554	72,941	53	51,387	772,935
Utilities	344,320	38,725	-	11,239	394,284
Repairs and Maintenance	616,733	69,362	-	20,132	706,227
Insurance	142,873	16,068	-	4,836	163,777
Interest	-	-	-	2,359,832	2,359,832
Depreciation and Amortization	1,559,398	175,380	-	50,896	1,785,674
School Board Fees	41,432	4,660	-	-	46,092
Travel	31,024	3,489	-	23,517	58,030
Marketing/Recruitment	42,878	4,822	-	1,284	48,984
Food Service	349,113	39,264	19,234	1,616	409,227
Technology	118,562	13,334	-	87,932	219,828
Office Expense	58,793	6,613	-	22,064	87,470
Student Services	518,225	58,285	-	-	576,510
Property Tax	207,524	23,340	-	6,773	237,637
Other	-	-	-	13,524	13,524
	<b>\$ 12,353,689</b>	<b>\$ 2,348,008</b>	<b>\$ 160,983</b>	<b>\$ 5,732,052</b>	<b>\$ 20,594,732</b>

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

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (188,312)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,785,674
Increase in:	
Federal programs receivables	(38,424)
Prepaid expenses and other	(38,625)
Other assets	(3,141)
Increase (decrease) in:	
Accounts payable	122,780
Accrued payroll and related expenses	221,305
Accrued other expenses	(5,181)
Other payables	14,875
Due to CSUSA	143,776
Funds held in custody	51,912
Interest restricted for long-term investment	(293,896)
	1,772,743
Net cash provided by operating activities	1,772,743

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of fixed assets	(450,458)
	(450,458)
Net cash used in investing activities	(450,458)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on capital leases	(359,769)
Proceeds from notes payable	175,000
	(184,769)
Net cash used in financing activities	(184,769)

Net increase in cash	1,137,516
Beginning cash balance	1,101,374
Ending cash balance	\$ 2,238,890

**Reconciliation of cash balances**

Cash	\$ 2,059,287
Cash - restricted	179,603
Ending cash balance	\$ 2,238,890

**Supplemental disclosure of cash flow information**

Interest paid (net of capitalized interest of \$293,895)	\$ 2,074,335
	\$ 2,074,335

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Lafayette Charter Foundation, Inc. (the Foundation) is a Louisiana not-for-profit entity organized exclusively for educational purposes for providing high quality educational options for the students and families of Louisiana. For the 2019-2020 school year, the Foundation operated two elementary schools, Acadiana Renaissance Charter Academy (Acadiana) and Lafayette Renaissance Charter Academy (Lafayette), under Type 2 charter agreements pursuant to Louisiana Revised Statutes, Title 17, Chapter 42 with the Louisiana Board of Elementary and Secondary Education (BESE). The charter agreement for Lafayette Renaissance Charter Academy will terminate on June 30, 2024, and the charter agreement for Acadiana Renaissance Charter Academy will terminate on June 30, 2025, unless renewed at the discretion of BESE. Collectively, the schools had enrollment of approximately 1,870 students for the 2019-2020 school year.

**Basis of Accounting**

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

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

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Foundation has no net assets with donor restrictions for the year ended June 30, 2020.

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

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

LAFAYETTE CHARTER FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses by Nature and Class (continued)

The expenses that are allocated include the following:

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

There were no fundraising costs for the year ended June 30, 2020.

Use of Estimates

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

Funds Held in Custody

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

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

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

Grants Receivable

Grants receivable represents amounts owed to the Foundation for costs incurred under federal and state grant contracts which are reimbursable to the Foundation. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible contracts receivable when management determines that the receivable will not be collected. Management has concluded that all receivables are collectible, and as such, no allowance for doubtful accounts has been established as of June 30, 2020.

Public Support and Revenue Recognition

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

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions whose donor restrictions are met in the same reporting period are reported as without donor restrictions.

Cash

For purposes of the statement of cash flows, cash includes all cash accounts held at financial institutions and cash on hand. At June 30, 2020, the balances in the cash accounts exceeded the amount insured by the Federal Deposit Insurance Corporation by \$2,141,657. Management, however, believes the credit risk associated with these deposits is minimal. Restricted cash represents amounts held by the Foundation for the funds held in custody.

Advertising

The Foundation expenses advertising costs as they are incurred. Such expenses totaled \$45,031 during the fiscal year ended June 30, 2020, and is included under marketing and recruitment expenses on the Statement of Functional Expenses.

LAFAYETTE CHARTER FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

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

Tax Exempt Status

The Foundation is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes as such no provision has been made for federal and state income taxes. If the Foundation would engage in activities unrelated to the purpose for which it was created, taxable income could result. The Foundation had no material unrelated business income for the fiscal year ended June 30, 2020.

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

New Accounting Pronouncements

The Foundation adopted Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* during the current year. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This pronouncement did not have a material impact on the Foundation's financial statements.

Accounting Pronouncements Issued but not yet Adopted

FASB has issued ASU No. 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. This standard will be effective for periods beginning after December 15, 2019.

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

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

Accounting Pronouncements Issued but not yet Adopted (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021.

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

**2. Liquidity and Availability**

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

Financial assets at year end:

Cash	\$ 2,059,287
Grants receivable	<u>290,693</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,349,980</u>

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

**3. GRANTS RECEIVABLE**

Receivables due from other governmental agencies at June 30, 2020, consists of \$290,693, representing amounts due from the Louisiana Department of Education for federal pass through grants under the Title I program, Title II program, and IDEA program.

**4. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at June 30, 2020:

Buildings and leasehold improvements	\$ 25,960,942
Furniture & fixtures	1,310,684
Equipment and software	<u>2,924,005</u>
Total Cost	\$ 30,195,631
Less: Accumulated Depreciation and Amortization	<u>( 10,896,898)</u>
Total Property and Equipment	<u>\$ 19,298,733</u>

Depreciation and amortization expenses for the year ending June 30, 2020, were \$1,785,674.

**5. FUNDS HELD IN CUSTODY**

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

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

**6. CONCENTRATION OF SUPPORT**

The Foundation received 90.48% of its support from the MFP and 6.78% of its support from federal grants passed through the Louisiana Department of Education. The loss or significant reduction of state and federal funding could have a material adverse effect on the Foundation's operations.

**7. COMMITMENTS**

The Foundation has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA shall be entitled to cost reimbursements and a management fee for its services. The management fee is 15% of revenues which shall be set forth within the approved annual budget or a lesser percentage if, as otherwise agreed to, by CSUSA. The management agreement allows for CSUSA to make operating advances to the Foundation in the event there are not sufficient funds in the operating account to pay operating expenses. The Foundation's management fees were reduced by \$45,000 for the year ended June 30, 2020.

At June 30, 2020, the Foundation owed CSUSA \$441,757 related to operation and trade payables. These amounts have been netted against amounts due to the Foundation from CSUSA of \$85,481. The net amount of \$356,276 is reflected as amounts due to CSUSA in the statement of financial position.

For the year ended June 30, 2020, the amount of compensation paid to CSUSA totaled \$3,042,832 for operating the schools as well as the aftercare programs. These amounts are included in the statement of activities and changes in net assets in supporting services.

For the year ended June 30, 2020, the Foundation entered into a debt agreement with CSUSA to borrow \$175,000. The note has a 5% interest rate. All principal and accrued interest are payable upon maturity at June 30, 2021. The loan is for general operations of the Foundation and is not collateralized.

**8. CAPITAL LEASE**

The Foundation has entered into 20-year capital lease agreements for property and athletic fields for each of the charter schools. The leases are held by an affiliate of CSUSA. Effective July 1, 2017, there was a lease incentive provided to the schools which resulted in a reassessment of the lease agreement. The result of the reassessment is an updated interest rate for the lease at the date of reassessment on the basis of the remaining lease term and remaining payments. Interest on the lease was originally 9.818% and changed to 9.025%. Principal payments, which commenced on December 1, 2017, per the original lease, changed to commence on July 1, 2020. The reassessment of the lease agreement resulted in a decrease in payments of \$580,585, which was paid to the Foundation in October 2018. The lease agreements expire on June 1, 2034.

Payments are due in monthly installments and are considered late five days after the due date. A five percent late fee is assessed on any payment received after its scheduled due date. No security deposit was required upon execution of this lease. Accrued interest payable related to these capital leases in the amount of \$8,399 was outstanding at June 30, 2020.



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

**8. CAPITAL LEASE (continued)**

The future minimum lease payments under these capital lease obligations as of June 30, 2020, are as follows:

Year ending June 30,	Amount
2021	\$ 3,017,693
2022	3,009,058
2023	3,033,492
2024	3,078,996
2025	3,125,184
Thereafter	<u>30,322,775</u>
Total Minimum Lease Payments	\$ 45,587,198
Less: Amounts Representing Interest	<u>(20,756,806)</u>
Present value of minimum lease payments	\$ 24,830,392
Less: current portion	<u>(721,959)</u>
Capital lease payable - long term	<u>\$ 24,108,433</u>

**9. FEDERAL GRANTS**

The Foundation received federal assistance from the following programs for the year ended June 30, 2020, which were all passed through the Louisiana Department of Education.

<b>US Department of Education</b>	
Title I	\$ 594,415
Title II	72,107
IDEA and Preschool Grants	<u>319,191</u>
	<u>985,713</u>
<b>US Department of Agriculture</b>	
National School Lunch and Breakfast Program	<u>397,375</u>
Total	<u>\$ 1,383,088</u>

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

**10. CONTINGENT LIABILITIES**

The Foundation may from time-to-time be subject to claims and liabilities in the normal course of business. A general liability policy has been purchased to cover the costs of such claims. No such claims are outstanding as of June 30, 2020.

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

**11. SUBSEQUENT EVENTS**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 outbreak, if any, on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the local and national economy which remains uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may directly or indirect impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

The Foundation applied for funding provided by the CARES Act and was awarded \$495,730 under the Education Stabilization Fund grant. No expenditures were incurred and no funding was received under this grant during the fiscal year ended June 30, 2020.

The Foundation entered into a lease agreement with an affiliate of CSUSA, for the expansion of Acadiana Renaissance Charter School. At the conclusion of the construction, the assets will be transferred from the affiliated organization to the Foundation. The lease shall commence on August 1, 2020, for a period of 20 years.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2020, and determined that there were no additional events that require disclosure. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTAL INFORMATION**

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

<b><u>ASSETS</u></b>	<b><u>Acadiana</u></b>	<b><u>Lafayette</u></b>	<b><u>Eliminating Entries</u></b>	<b><u>Combined</u></b>
<b><u>CURRENT ASSETS:</u></b>				
Cash	\$ 1,152,989	\$ 906,298	\$ -	\$ 2,059,287
Cash - restricted	22,966	156,637	-	179,603
Grants receivable	59,473	231,220	-	290,693
Prepaid expenses and other	49,494	437	-	49,931
Total current assets	<u>1,284,922</u>	<u>1,294,592</u>	<u>-</u>	<u>2,579,514</u>
<b><u>PROPERTY AND EQUIPMENT (NET):</u></b>				
	<u>10,012,466</u>	<u>9,286,267</u>	<u>-</u>	<u>19,298,733</u>
<b><u>NON-CURRENT ASSETS:</u></b>				
Other deposits	-	3,141	-	3,141
Total assets	<u>\$ 11,297,388</u>	<u>\$ 10,584,000</u>	<u>\$ -</u>	<u>\$ 21,881,388</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>CURRENT LIABILITIES:</u></b>				
Accounts payable	\$ 65,754	\$ 114,281	\$ -	\$ 180,035
Accrued payroll and related expenses	440,829	415,056	-	855,885
Accrued other expenses	7,929	11,390	-	19,319
Other payables	(2,704)	20,331	-	17,627
Due to (from) CSUSA	375,561	(19,285)	-	356,276
Deferred revenues	356	10,116	-	10,472
Accrued interest payable - short term portion	-	8,399	-	8,399
Capital lease payable - short term portion	386,372	335,587	-	721,959
Note payable	-	175,000	-	175,000
Funds held in custody	22,966	156,637	-	179,603
Total current liabilities	<u>1,297,063</u>	<u>1,227,512</u>	<u>-</u>	<u>2,524,575</u>
<b><u>LONG TERM LIABILITIES:</u></b>				
Capital lease payable	<u>11,964,693</u>	<u>12,143,740</u>	<u>-</u>	<u>24,108,433</u>
Total long-term liabilities	<u>11,964,693</u>	<u>12,143,740</u>	<u>-</u>	<u>24,108,433</u>
<b><u>NET DEFICIT:</u></b>				
Without donor restrictions	<u>(1,964,368)</u>	<u>(2,787,252)</u>	<u>-</u>	<u>(4,751,620)</u>
Total net deficit	<u>(1,964,368)</u>	<u>(2,787,252)</u>	<u>-</u>	<u>(4,751,620)</u>
Total liabilities and net deficit	<u>\$ 11,297,388</u>	<u>\$ 10,584,000</u>	<u>\$ -</u>	<u>\$ 21,881,388</u>

See independent auditors' report.

**LAFAYETTE CHARTER FOUNDATION, INC.**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Acadiana</u>	<u>Lafayette</u>	<u>Eliminating Entries</u>	<u>Combined</u>
<b>Revenue, Grants and Other Support</b>				
Minimum Foundation Program (MFP)	\$ 8,772,383	\$ 9,691,832	\$ -	\$ 18,464,215
Federal grants	483,647	899,441	-	1,383,088
State grants	44,488	95,358	-	139,846
Paid meals	97,209	26,456	-	123,665
Before and aftercare fees	166,428	107,965	-	274,393
E-rate revenues	14,131	-	-	14,131
Interest income	3,780	1,733	-	5,513
Other income	1,569	-	-	1,569
Total revenue, grants, and other support without donor restrictions	<u>9,583,635</u>	<u>10,822,785</u>	<u>-</u>	<u>20,406,420</u>
<b>Expenses:</b>				
Program services:				
Regular education	5,873,006	6,480,683	-	12,353,689
Special education	1,156,135	1,191,873	-	2,348,008
Other education	87,848	73,135	-	160,983
Total program services	<u>7,116,989</u>	<u>7,745,691</u>	<u>-</u>	<u>14,862,680</u>
Supporting services:				
Management and general	<u>2,820,931</u>	<u>2,911,121</u>	<u>-</u>	<u>5,732,052</u>
Total expenses	<u>9,937,920</u>	<u>10,656,812</u>	<u>-</u>	<u>20,594,732</u>
Change in net assets	(354,285)	165,973	-	(188,312)
<b><u>NET DEFICIT AT BEGINNING OF THE YEAR</u></b>	<u>(1,610,083)</u>	<u>(2,953,225)</u>	<u>-</u>	<u>(4,563,308)</u>
<b><u>NET DEFICIT AT END OF THE YEAR</u></b>	<u>\$ (1,964,368)</u>	<u>\$ (2,787,252)</u>	<u>\$ -</u>	<u>\$ (4,751,620)</u>

See independent auditors' report.

LAFAYETTE CHARTER FOUNDATION, INC.  
ACADIANA RENAISSANCE CHARTER ACADEMY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 2,868,606	\$ 631,322	\$ 66,428	\$ 325,575	\$ 3,891,931
Benefits	505,916	125,559	9,113	62,987	703,575
Professional Services	1,181	133	-	49,731	51,045
Contracted/Vendor Services	366,046	159,424	-	1,028,214	1,553,684
Professional Development	19,938	2,243	-	-	22,181
Supplies/Materials	235,462	26,482	53	21,629	283,626
Utilities	188,927	21,248	-	6,167	216,342
Repairs and Maintenance	295,548	33,239	-	9,647	338,434
Insurance	72,832	8,191	-	2,461	83,484
Interest	-	-	-	1,217,133	1,217,133
Depreciation and amortization	780,160	87,742	-	25,463	893,365
School Board Fees	19,688	2,214	-	-	21,902
Travel	4,738	533	-	3,916	9,187
Marketing/Recruitment	19,583	2,202	-	593	22,378
Food Service	136,537	15,356	12,254	630	164,777
Technology	58,376	6,565	-	43,295	108,236
Office expense	25,747	2,896	-	14,502	43,145
Student Services	175,117	19,696	-	-	194,813
Property Tax	98,604	11,090	-	3,218	112,912
Other	-	-	-	5,770	5,770
	<u>\$ 5,873,006</u>	<u>\$ 1,156,135</u>	<u>\$ 87,848</u>	<u>\$ 2,820,931</u>	<u>\$ 9,937,920</u>

See independent auditors' report.

LAFAYETTE CHARTER FOUNDATION, INC.  
LAFAYETTE RENAISSANCE CHARTER ACADEMY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services	Total
	Regular Education	Special Education	Other Education	Management & General	
Salaries	\$ 2,920,147	\$ 649,814	\$ 59,846	\$ 319,256	\$ 3,949,063
Benefits	540,692	105,408	6,309	64,788	717,197
Professional Services	12,799	1,439	-	59,707	73,945
Contracted/Vendor Services	396,095	141,565	-	1,166,762	1,704,422
Professional Development	42,840	4,818	-	-	47,658
Supplies/Materials	413,092	46,459	-	29,758	489,309
Utilities	155,393	17,477	-	5,072	177,942
Repairs and Maintenance	321,185	36,123	-	10,485	367,793
Insurance	70,041	7,877	-	2,375	80,293
Interest	-	-	-	1,142,699	1,142,699
Depreciation and amortization	779,238	87,638	-	25,433	892,309
School Board Fees	21,744	2,446	-	-	24,190
Travel	26,286	2,956	-	19,601	48,843
Marketing/Recruitment	23,295	2,620	-	691	26,606
Food Service	212,576	23,908	6,980	986	244,450
Technology	60,186	6,769	-	44,637	111,592
Office expense	33,046	3,717	-	7,562	44,325
Student Services	343,108	38,589	-	-	381,697
Property Tax	108,920	12,250	-	3,555	124,725
Other	-	-	-	7,754	7,754
	<u>\$ 6,480,683</u>	<u>\$ 1,191,873</u>	<u>\$ 73,135</u>	<u>\$ 2,911,121</u>	<u>\$ 10,656,812</u>

See independent auditors' report.

**LAFAYETTE CHARTER FOUNDATION, INC**  
**COMBINING STATEMENT OF FINANCIAL POSITION TO FUND BALANCE RECONCILIATION**  
**JUNE 30, 2020**

	<u>Acadiana</u>	<u>Lafayette</u>	<u>Combined</u>
Total net deficit reported on the combining statement of financial position	\$ (1,964,368)	\$ (2,787,252)	\$ (4,751,620)
Capital assets are not reported for fund balance	<u>(10,012,466)</u>	<u>(9,286,267)</u>	<u>(19,298,733)</u>
Long-term liabilities applicable to the Foundation's governmental fund activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term are in the combining statement of financial position			
Accrued interest payable - short term portion	-	8,399	8,399
Capital lease payable - short term portion	386,372	335,587	721,959
Capital lease payable - long term portion	11,964,693	12,143,740	24,108,433
Note payable	-	175,000	175,000
Compensated absences	<u>73,102</u>	<u>67,534</u>	<u>140,636</u>
Total Fund Balance at June 30, 2020	<u>\$ 447,333</u>	<u>\$ 656,741</u>	<u>\$ 1,104,074</u>

See independent auditors' report.



**LAFAYETTE CHARTER FOUNDATION, INC**  
**CHANGES IN THE COMBINING STATEMENT OF ACTIVITIES AND CHANGES**  
**IN NET ASSETS TO CHANGES IN FUND BALANCE**  
**FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Acadiana</u>	<u>Lafayette</u>	<u>Combined</u>
Changes in net assets reported on the combining statement of activities and changes in net assets	<u>\$ (354,285)</u>	<u>\$ 165,973</u>	<u>\$ (188,312)</u>
Amounts reported for the financial statements in the combining statement of activities are different due to the following:			
Fund balance reports capital outlays as expenditures.			
However, in the combining statement of activities and changes in net assets the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay and other expenditures capitalized	(120,976)	(329,483)	(450,459)
Depreciation and amortization expense for year ended June 30, 2020	<u>893,365</u>	<u>892,309</u>	<u>1,785,674</u>
The issuance of long-term debt provides current financial resources to fund balance.			
In the statement of activities and changes in net assets however, issuing debt increases long-term liabilities and does not affect the statement of activities.			
Principal payments on debt and capital lease	(327,109)	(32,661)	(359,770)
Proceeds from debt	-	175,000	175,000
Interest expense-bond accrued interest	<u>-</u>	<u>(293,896)</u>	<u>(293,896)</u>
Expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in fund balance.			
Change in compensated absences liability	<u>27,092</u>	<u>29,543</u>	<u>56,635</u>
Change in Net Position - Governmental Activities	<u>\$ 118,087</u>	<u>\$ 606,785</u>	<u>\$ 724,872</u>

See independent auditors' report.

LAFAYETTE CHARTER FOUNDATION, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO BOARD PRESIDENT  
FOR THE YEAR ENDED JUNE 30, 2020

Board President, Dr. Mary Louella Riggs-Clark

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

See independent auditors' report.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lafayette Charter Foundation, Inc. (the Foundation), which are comprised of the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2020.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 31, 2020

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

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

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

We have audited the Lafayette Charter Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2020. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Major Federal Program***

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 31, 2020

**LAFAYETTE CHARTER FOUNDATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2020</u>
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>			
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE - 18/19	10.555 <sup>1</sup>	\$ 328,611
National School Breakfast Program	LDE - 18/19	10.553 <sup>1</sup>	<u>64,910</u>
<b>Total US Department of Agriculture</b>			<u><u>393,521</u></u>
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	28-19-T1-L8	84.010A	617,923
Special Education, IDEA	28-19-B1-L8	84.027A <sup>2</sup>	319,191
Special Education, Preschool Grants	28-19-P1-L8	84.173 <sup>2</sup>	3,854
Title II - Part A, Teacher & Principal Training & Recruiting	29-19-50-L8	84.367A	<u>48,599</u>
<b>Total US Department of Education</b>			<u><u>989,567</u></u>
<b>Total Expenditures</b>			<u><u>\$ 1,383,088</u></u>

<sup>1</sup> Child nutrition cluster - \$393,521

<sup>2</sup> Special education cluster - \$323,045

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

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



**LAFAYETTE CHARTER FOUNDATION, INC**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – DE MINIMUS COST RATE**

During the year ended June 30, 2020, the Lafayette Charter Foundation did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

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

**FOR THE YEAR ENDED JUNE 30, 2020**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

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

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

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I – Grants to Local Educational Agencies

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

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

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

**FOR THE YEAR ENDED JUNE 30, 2020**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

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

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

Questioned Costs:        None.

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

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

Cause:                      The Foundation reconciles the general ledger expenditures to the grant reimbursements only as part of the grant closeout process. A reconciliation of the expenditures submitted on the grant reimbursement request to the general ledger is not being performed timely enough to identify errors whether due to coding of transactions or inaccurate reporting.

Effect:                      Without a timely reconciliation of reimbursement requests to general ledger detail of program costs, there is the possibility that expenditures are being improperly recorded in the general ledger and ultimately the Schedule of Expenditures of Federal Awards may be misstated.

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

Repeat Finding:            No.

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

FOR THE YEAR ENDED JUNE 30, 2020

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

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

*View of Responsible Official: The Foundation concurs with the finding.*

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

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

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

None.

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

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

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

The procedures and associated findings are as follows:

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

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

*No exceptions noted.*

**Class Size Characteristics (Schedule 2)**

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

*Of the 10 classes selected for Acadiana Renaissance Charter Academy, we noted no discrepancies.*

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

<b>Number of Students Reported</b>	<b>Roll Book Counts</b>	<b>Difference</b>
24	25	(1)
29	28	1
23	25	(2)
26	25	1
30	26	4
30	27	3
12	11	1

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

3. We obtained October 1<sup>st</sup> PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience. We traced a sample of 25 teachers to the individual’s personnel file and determined if the individual’s education level and experience was properly classified on the PEP data (or equivalent listing prepared by management).

*For 1 out of 25 classroom teachers selected for testing at Lafayette Renaissance Charter Academy, years of experience per personnel file did not agree to the PEP data submitted.*

*For 1 out of 25 classroom teachers selected for testing at Lafayette Renaissance Charter Academy, education level per personnel file did not agree to PEP data submitted.*

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

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

*No exceptions noted.*

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

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 31, 2020



**LAFAYETTE CHARTER FOUNDATION**  
**LAFAYETTE, LOUISIANA**

**Supplemental Schedules on Performance and Statistical Data Required by State Law**  
**As of and for the Year Ended June 30, 2020**

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

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

**Schedule 2 - Class Size Characteristics**

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

LAFAYETTE CHARTER FOUNDATION, INC.  
Lafayette, Louisiana

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources  
For the Year Ended June 30, 2020

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 5,852,572	
Other Instructional Staff Activities	334,701	
Instructional Staff Employee Benefits	1,194,129	
Purchased Professional and Technical Services	383,582	
Instructional Materials and Supplies	353,469	
Instructional Equipment	322,797	
Total Teacher and Student Interaction Activities		8,441,250
Other Instructional Activities		518,213
Pupil Support Activities	282,755	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		282,755
Instructional Staff Services	855,191	
Less: Equipment for Instructional Staff Services		
Net Instructional Staff Services		855,191
School Administration	1,099,976	
Less: Equipment for School Administration	-	
Net School Administration		1,099,976
Total General Fund Instructional Expenditures (Total of Column B)		11,197,385
Total General Fund Equipment Expenditures	\$ 322,797	

**Certain Local Revenue Sources**

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

See Independent Accountants' Report.

LAFAYETTE CHARTER FOUNDATION, INC  
Lafayette, Louisiana

Class Size Characteristics  
As of October 1, 2019

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	23.00%	36	77.00%	120	0.00%	0	0.00%	-
Elementary Activity Classes	27.00%	45	73.00%	121	0.00%	0	0.00%	-
Middle/Jr. High	23.00%	24	49.00%	52	28.00%	30	0.00%	-
Middle/Jr. High Activity Classes	72.00%	20	14.00%	4	14.00%	4	0.00%	-
High	0.00%	-	0.00%	-	0.00%	-	0.00%	-
High Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Combination	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Combination Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-

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

# Lafayette Charter FOUNDATION

www.LafayetteCharterFoundation.org

## Corrective Action Plan for the Audit Finding for the year ended June 30, 2020

### Submitted to:

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

Lafayette Charter Foundation, Inc. respectively submits the following corrective action plan for the year ended June 30, 2020 for the corrective action implemented.

### RESPONSE TO FINDING:

2020 – 001)

**Preparation of Schedule of Expenditures of Federal Awards**  
**84.010A Title I**

Response: Management agrees with the finding and will ensure that the reimbursements requests are reconciled to the general ledger detail of program costs as of June 30 each year.

Signature:



Date:

12/30/2020

# Lafayette Charter FOUNDATION

www.LafayetteCharterFoundation.org

## Board of Trustees

### President

Mary Louella Riggs-Cook, Ed.D.

### Vice President

Erica Williams

### Secretary

Jared Labue

### Treasurer

Karen Miller-Lewis

### Trustees

Murugan Ambalakannu

Dr. Nancy Gomez

Nick Pugh

Kim Vavasseur

## Responses to differences notated in BESE AUP's


### **Schedule 2 – Of the 10 classes selected at Lafayette Renaissance Charter Academy, we noted a discrepancy in the number of students in 7 classes.**

Response: While the number of discrepancies is lower than the previous year, there is still room for improvement. Our management will reiterate with the appropriate personnel at this school of the importance of the accuracy of these schedules. We will provide whatever training and assistance that may be needed to ensure that these issues are being corrected for future schedules.

### **Education Level of Public School Staff – Of the 25 classroom teachers selected for years of experience testing at Lafayette Renaissance Charter Academy, the personnel file did not agree to the PEP data submitted for 1 teacher. Of the 25 classroom teachers selected for education level testing at Lafayette Renaissance Charter Academy, the personnel file did not agree to the PEP data submitted for 1 teacher.**

Response: Our management will discuss with the appropriate personnel at each school of the importance of the accuracy of the data that is submitted on the PEP report for both years of experience and education level. We will provide whatever training and assistance that may be needed to ensure that these issues are being corrected for future schedules.

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



Title: State Financial Director

Date: December 9, 2020