



Shreveport Charter Schools, Inc.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Charter Schools, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation Paid to the Board of Trustees and the Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of Shreveport Charter Schools, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shreveport Charter Schools, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport Charter Schools, Inc.'s internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
January 14, 2022

Shreveport Charter Schools, Inc.
Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current assets		
Cash	\$ 3,953,019	\$ 4,090,560
Grants and other receivables	1,779,087	1,414,822
Prepaid expenses and other current assets	13,323	23,349
Total current assets	5,745,429	5,528,731
Property and equipment		
Furniture, fixtures and equipment	338,343	287,436
Playground equipment	35,591	35,591
Projects	247,847	211,867
Textbooks	208,222	208,222
Kitchen equipment	57,885	46,801
IT equipment	1,034,381	821,507
Title I equipment	183,963	183,963
Audio equipment	93,862	86,677
Leasehold improvements	4,077	4,077
Less: accumulated depreciation	(1,141,451)	(894,302)
Property and equipment, net	1,062,720	991,839
Total assets	\$ 6,808,149	\$ 6,520,570
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 27,922	\$ 13,286
Accrued expenses	185,430	260,009
Accrued payroll and benefits	562,323	453,668
Total current liabilities	775,675	726,963
Long-term liabilities		
Long-term debt	-	1,385,415
Total long-term liabilities	-	1,385,415
Total liabilities	775,675	2,112,378
Net assets		
Without donor restrictions	6,032,474	4,408,192
With donor restrictions	-	-
Total net assets	6,032,474	4,408,192
Total liabilities and net assets	\$ 6,808,149	\$ 6,520,570

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

Shreveport Charter Schools, Inc.
Statement of Activities

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
State public school funding	\$ 10,316,746	\$ -	\$ 10,316,746
Federal grants	2,412,889	-	2,412,889
Federal school lunch program	1,130,143	-	1,130,143
Paycheck Protection Program loan forgiveness	1,402,386	-	1,402,386
Other income	102,447	-	102,447
Interest income	1,878	-	1,878
Total support and revenue	15,366,489	-	15,366,489
Expenses			
Program services			
Education programs	10,106,384	-	10,106,384
Supporting services			
Management and general	3,635,823	-	3,635,823
Total expenses	13,742,207	-	13,742,207
Change in net assets	1,624,282	-	1,624,282
Net assets, beginning of year	4,408,192	-	4,408,192
Net assets, end of year	\$ 6,032,474	\$ -	\$ 6,032,474

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

Shreveport Charter Schools, Inc.
Statement of Activities

<i>For the year ended June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
State public school funding	\$ 10,120,676	\$ -	\$ 10,120,676
Federal grants	1,105,300	-	1,105,300
Federal school lunch program	922,217	-	922,217
Other income	120,384	-	120,384
Interest income	1,248	-	1,248
Total support and revenue	12,269,825	-	12,269,825
Expenses			
Program services			
Education programs	8,471,024	-	8,471,024
Supporting services			
Management and general	2,964,490	-	2,964,490
Total expenses	11,435,514	-	11,435,514
Change in net assets	834,311	-	834,311
Net assets, beginning of year	3,573,881	-	3,573,881
Net assets, end of year	\$ 4,408,192	\$ -	\$ 4,408,192

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

Shreveport Charter Schools, Inc.
Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services	Supporting Services	
	Education Programs	Management and General	Total Expenses
Salaries	\$ 5,897,403	\$ 2,181,070	\$ 8,078,473
Benefits	481,645	362,352	843,997
Payroll taxes	469,945	152,983	622,928
Professional services	30,935	169,887	200,822
Contracted and vendor services	564,105	86,901	651,006
Supplies and materials	566,339	81,607	647,946
Utilities	237,147	-	237,147
Repairs and maintenance	194,378	-	194,378
Insurance	59,485	64,830	124,315
Interest	-	14,091	14,091
Depreciation	247,149	-	247,149
Administration fees	-	210,389	210,389
Travel	13,011	7,886	20,897
Marketing and recruitment	-	58,449	58,449
Transportation	378,428	-	378,428
Food service	924,535	-	924,535
Office expense	11,394	9,989	21,383
Student services	27,495	-	27,495
Athletic activities	2,990	-	2,990
Management fees	-	230,715	230,715
Dues and fees	-	4,383	4,383
Other	-	291	291
Total Expenses	\$ 10,106,384	\$ 3,635,823	\$ 13,742,207

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

Shreveport Charter Schools, Inc.
Statement of Functional Expenses

For the Year Ended June 30, 2020

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

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

Shreveport Charter Schools, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,624,282	\$ 834,311
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	247,149	229,203
Paycheck Protection Program loan and interest forgiveness	(1,402,386)	-
(Increase) decrease in		
Grants and other receivables	(364,265)	(285,132)
Prepaid expenses and other current assets	10,026	(12,602)
Increase (decrease) in		
Accounts payable	14,636	(30,055)
Accrued expenses	(57,608)	96,256
Accrued payroll and benefits	108,655	(21,002)
Net cash provided by (used in) operating activities	180,489	810,979
Cash flows from investing activities		
Purchase of property and equipment	(318,030)	(404,782)
Net cash provided by (used in) investing activities	(318,030)	(404,782)
Cash flows from financing activities		
Proceeds from loan	-	1,385,415
Net cash provided by (used in) financing activities	-	1,385,415
Net change in cash	(137,541)	1,791,612
Cash - beginning of year	4,090,560	2,298,948
Cash - end of year	\$ 3,953,019	\$ 4,090,560
Schedule of certain cash flow information		
Cash paid for interest	\$ -	\$ -
Noncash investing and financing activities		
Paycheck Protection Program loan forgiveness	\$ 1,402,386	\$ -

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

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

Note 1: NATURE OF ORGANIZATION

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

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

Since the charter contract was not renewed, Shreveport Charter Schools, Inc. alternatively has entered into a management agreements each year with the Louisiana Department of Education through its Recovery School District for the 2018 – 2021 school years to manage and operate the school. The 2020 – 2021 agreement terminated on June 30, 2021. Another management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2021. See Note 11 Subsequent Events.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

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

Shreveport Charter Schools, Inc.
Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash consists of demand deposit balances and represents cash available for general operating purposes. Cash equivalents include all highly liquid investments with an original maturity of 90 days or less. The School did not have any cash equivalents at June 30, 2021 or 2020.

Grants and Other Receivables

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

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

Property and Equipment

All acquisitions of property and equipment greater than \$3,000 individually or greater than \$5,000 in aggregate and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost. Contributed property and equipment is recorded at approximate fair value at the date of donation. Normal building maintenance and minor equipment purchases are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (three to fifteen years).

Furniture, fixtures and equipment	3 – 15 Years
Leasehold improvements	5 – 15 Years

Depreciation expense totaled \$247,149 and \$229,203, respectively, for the years ended June 30, 2021 and 2020.

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

Compensated Absences

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

Shreveport Charter Schools, Inc.
Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the School, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Some net assets without donor restrictions may be designated by the governing board of the School for specific purposes. The governing board has not designated, from net assets without donor restrictions, any net assets for a specific purpose as of June 30, 2021 or 2020.

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

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

Revenue Recognition

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Donated Assets

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

Donated Services

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

Functional Expense Allocation

Directly identifiable expenses are charged to program and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area.

Advertising Costs

The School uses advertising to promote its services among the population it serves. Advertising costs are charged to expense when incurred. During the years ended June 30, 2021 and 2020, advertising expenses totaled \$43,537 and \$56,055, respectively.

Income Taxes

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

The School utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2021 and 2020, the School has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 14, 2022. See Note 11 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Adopted Accounting Guidance

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. Effective July 1, 2020, the School adopted Topic 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment to net assets recognized upon adoption. Therefore, the 2020 financial statements have not been restated and continue to be reported under the accounting standards in effect for that year. The adoption of this standard did not have a material effect on these financial statements.

Accounting Guidance Not Yet Adopted

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

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to bring more transparency and consistency to the presentation and disclosure of gifts-in-kind (GIKs). While many not-for-profits (NFPs) already separately report GIKs and make some of the disclosures required by ASU 2020-07, the new standard will bring presentation and disclosure consistency across NFPs. The standard is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The School is currently evaluating the impact of the guidance on its financial statements.

Shreveport Charter Schools, Inc.
Notes to the Financial Statements

Note 3: LIQUIDITY OF FINANCIAL ASSETS

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

<i>June 30,</i>	2021	2020
Cash	\$ 3,953,019	\$ 4,090,560
Grant and other receivables	1,779,087	1,414,822
 Total financial assets available to meet general expenditures within one year	 \$ 5,732,106	 \$ 5,505,382

Note 4: GRANTS AND OTHER RECEIVABLES

At June 30, 2021 and 2020, grants and other receivables totaled \$1,779,087 and \$1,414,822, respectively, which were primarily for Minimum Foundation Program (MFP) funding and federal and state grants passed through the Louisiana Department of Education. The stated balances are considered fully collectible.

Note 5: USE OF SCHOOL FACILITIES

Effective July 1, 2009, the School entered into an agreement with the BESE, which allows the School to use the facilities and its contents located at 401 West 70th Street, Shreveport, Louisiana 71106. The agreement expired on June 30, 2012, and BESE granted extensions for an additional two years ending June 30, 2014, and for an additional three years ending June 30, 2017. The School entered into a management agreement with the Louisiana Department of Education through its Recovery School District each year for the 2018 – 2021 school years which allowed for continued use of the school facilities and contents. The 2020 – 2021 agreement terminated on June 30, 2021. A new management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2021 and allows the School to continue to operate for the 2021 – 2022 school year and continue to use its current facility. See Note 11 Subsequent Events.

Note 5: USE OF SCHOOL FACILITIES (Continued)

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

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

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

Note 6: LONG-TERM DEBT

On April 13, 2020, the School qualified for and received a loan in the amount of \$1,385,415 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP provides for forgivable loans to qualifying organizations. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities and the borrower maintains specified levels of payroll and employment. At June 30, 2020, the outstanding balance of the PPP loan included in long-term debt was \$1,385,415.

In June 2021, the School formally received forgiveness of the PPP loan from the SBA. The School recognized revenue of \$1,402,386 during the year ended June 30, 2021, related to PPP loan forgiveness. The forgiven amount by the SBA included the original loan principal of \$1,385,415 and accrued interest through the date of forgiveness totaling \$16,971. Interest expense related to the loan was \$14,064 and \$2,907 for the years ended June 30, 2021 and 2020, respectively.

Shreveport Charter Schools, Inc. Notes to the Financial Statements

Note 6: LONG-TERM DEBT (Continued)

Further, loans issued under \$2 million may be subject to audit by the SBA. The School may be required to return a portion of the loan proceeds at the conclusion of any such SBA audit. Any proceeds required to be returned will be repaid under the statutory terms of the PPP Program, including interest at 1%.

Note 7: RISK MANAGEMENT AND LITIGATION

The School is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2021 and 2020.

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

Note 8: CONCENTRATIONS AND CREDIT RISK

The School received 67% and 82% of its total revenues from the State of Louisiana, subject to its charter school contract with the state for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, 100% and 97%, respectively, of the School's grants and other receivables were due from the State of Louisiana.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The School also had securities pledged on any cash deposits not secured by the FDIC. At June 30, 2021 and 2020, the School's deposits were fully insured or collateralized.

The School leases buses and certain office equipment that are accounted for as operating leases. These leases expire in various years through 2023.

Shreveport Charter Schools, Inc.
Notes to the Financial Statements

Note 9: COMMITMENTS

Minimum lease payments under noncancellable operating leases are as follows:

<i>For the years ending June 30,</i>	
2022	\$ 299,164
2023	288,000
<hr/>	
Total future minimum lease payments	\$ 587,164

Rent expense for the years ended June 30, 2021 and 2020 was \$300,586 and \$12,586, respectively.

Note 10: UNCERTAINTIES

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

Note 11: SUBSEQUENT EVENTS

Effective as of July 1, 2021, Shreveport Charter Schools, Inc. entered into a Management Agreement with the Louisiana Department of Education through its Recovery School District to manage and operate the school under the oversight of the Recovery School District for the 2021 – 2022 school year. The agreement will terminate on June 30, 2022. At that time a new management agreement will be executed with Shreveport Charter Schools, Inc. or a new charter operator will be identified and take over management and operations of the School.

Management has evaluated all subsequent events through January 14, 2022, the date which the financial statements were available to be issued.

Supplementary Information

Shreveport Charter Schools, Inc.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Education				
Passed through Louisiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	S010A180018	\$ -	\$ 1,019,988
Title I Grants to Local Educational Agencies	84.010	S010A200018	-	73,449
Total Title I Grants to Local Educational Agencies				1,093,437
Supporting Effective Instruction State Grants	84.367	S367A180017	-	47,307
Student Support and Academic Enrichment Program	84.424	S42A180019	-	6,250
Education Stabilization Fund (ESF)	84.425			
COVID-19 Governor's Emergency Education Relief (GEER I and II) Fund	84.425C	S425C200003		88,753
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	S425D200003		672,311
COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210003		250,759
Total Education Stabilization Fund (ESF)				1,011,823
Special Education Cluster				
Special Education - Grants to States	84.027	H027A180033	-	252,096
Special Education - Preschool Grants	84.173	H173A180082	-	1,976
Total Special Education Cluster			-	254,072
Total United States Department of Education			-	2,412,889
United States Department of Agriculture				
Passed through Louisiana Department of Education				
Fresh Fruit and Vegetable Program	10.582	N/A	-	81,482
Child Nutrition Cluster				
National School Lunch Program	10.555	N/A	-	1,704
Summer Food Service Program for Children	10.559	N/A	-	1,046,957
Total Child Nutrition Cluster			-	1,048,661
Total United States Department of Agriculture			-	1,130,143
Total expenditures of federal awards			\$ -	\$ 3,543,032

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

Shreveport Charter Schools, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal spending of Shreveport Charter Schools, Inc. (the School) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not represent the financial position of the School.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended June 30, 2021, the School did not elect to use this rate.

Note 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

Note 4: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The School did not have any federal loans or loan guarantees outstanding during the year ended June 30, 2021.

Note 5: SUBRECIPIENTS

During the year ended June 30, 2021, the School had no subrecipients.

Note 6: NONCASH ASSISTANCE AND OTHER

The School did not receive any noncash assistance or federally funded insurance during the year ended June 30, 2021.

Shreveport Charter Schools, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Note 7: CONTINGENCIES

Grant monies received and disbursed by the School are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the School does not believe that such disallowance, if any, would have a material effect on the financial position of the School.

Note 8: FEDERAL PASS-THROUGH FUNDS

The School is also the subrecipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

Shreveport Charter Schools, Inc.
Schedule of Compensation Paid to the Board of Trustees
For the year ended June 30, 2021

There was no compensation paid to the Board of Trustees for the year ended June 30, 2021.

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2021

Purpose	Amount
Salary	\$ 132,835
State Stipend	\$ 4,000
Other Stipend	\$ 14,563
Bonus	\$ 16,750
Benefits-insurance	\$ 14,074
Dues	\$ 68
Reimbursements	\$ 2,011
Travel	\$ 1,227

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Schedules Required by Louisiana State Law (R.S. 24:514)
Performance and Statistical Data
As of and for the year ended June 30, 2021

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

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

Schedule 2 – Class Size Characteristics

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

Shreveport Charter Schools, Inc.
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the year ended June 30, 2021
Schedule 1

General Fund Instructional and Equipment Expenditures	
General Fund Instructional Expenditures	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 3,308,565
Other Instructional Staff Activities	233,357
Instructional Staff Employee Benefits	624,704
Purchased Professional and Technical Services	179,051
Instructional Materials and Supplies	404,396
Instructional Equipment	147,891
Total Teacher and Student Interaction Activities	\$ 4,897,964
Other Instructional Activities	-
Pupil Support Activities	577,273
Less: Equipment for Pupil Support Activities	-
Net Pupil Support Activities	577,273
Instructional Staff Services	414,437
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	414,437
School Administration	1,826,979
Less: Equipment for School Administration	-
Net School Administration	1,826,979
Total General Fund Instructional Expenditures	\$ 7,716,653
Total General Fund Equipment Expenditures	\$ 184,237
Certain Local Revenue Sources	
Local Taxation Revenue	
Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ -
Local Earnings on Investment in Real Property:	
Earnings from the 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -
State Revenue in Lieu of Taxes	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ -
Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Class Size Characteristics
As of October 1, 2020
Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	42%	90	31%	66	25%	53	2%	4
Elementary Activity Classes	100%	2	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.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shreveport Charter Schools, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shreveport Charter Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Charter Schools, Inc.'s internal control.

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

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

Compliance and Other Matters

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

We noted certain other matters that we reported to management of Shreveport Charter Schools, Inc. in a separate letter dated January 14, 2022.

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
January 14, 2022



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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 Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Shreveport Charter Schools, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Shreveport Charter Schools, Inc.'s major federal programs for the year ended June 30, 2021. Shreveport Charter Schools, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
January 14, 2022

Shreveport Charter Schools, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I – Summary Of Auditors’ Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs | |

Assistance Listing Number	Federal Program
84.425C, 84.425D, 84.425U	Education Stabilization Fund (ESF)

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

Section II – Financial Statement Findings

No matters were reported.

Shreveport Charter Schools, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III – Federal Awards Findings And Questioned Costs

No matters were reported.

Section IV – Prior Year Findings And Questioned Costs

2020-001 Title I Expenditures

Fiscal Year in Which the Finding Initially Occurred: 2020

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

Status: Resolved.



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Independent Accountants' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Shreveport Charter Schools, Inc. 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 Shreveport Charter Schools, Inc. is responsible for its performance and statistical data.

Shreveport Charter Schools, Inc. 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 and inspected supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Results: No exceptions were identified.

Class Size Characteristics (Schedule 2)

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

Results: No exceptions were identified.

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

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 random sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Our procedures identified one employee whose experience per the October 1st PEP data submitted to the Department of Education did not agree to information in the individual's personnel file. No other exceptions were identified.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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 random sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results: No exceptions were identified.

We were engaged by Shreveport Charter Schools, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and 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 Shreveport Charter Schools, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
January 14, 2022



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Management Letter

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

We have audited the financial statements of Shreveport Charter Schools, Inc. (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated January 14, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance.

As a part of our examination, we have issued our report on the financial statements, dated January 14, 2022, and our reports on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and on compliance for each major program and internal control over compliance required by the Uniform Guidance each dated January 14, 2022.

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

MLC 2021-001 Segregation of Duties

Year of Origination – June 30, 2021

Observation: Inadequate segregation of duties exists between personnel initiating banking transfers and personnel authorizing transfers within the banking system. Compensating segregation of duties outside the banking system were present.

Recommendations: We recommend the School implement policies requiring additional segregation of duties over banking transfers within the banking system.

Views of responsible officials and corrective actions: Going forward, the School will implement an additional level of approval when requesting any bank transfers from our banking institution. The School's banking transfer policy will be updated as well.

MLC 2021-002 Student Life Revenues and Expenditures

Year of Origination – June 30, 2021

Observation: Insignificant revenues for student life fundraising transactions are recorded on the general ledger net of related expenditures. This is not in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Recommendations: We recommend that student life fundraising activity be recorded as gross revenues and gross expenditures in accordance with U.S. GAAP.

Views of responsible officials and corrective actions: The student life fundraising activities have historically been recorded as a liability, as the revenue and expenses are small and are generally offsetting. We will adjust our general ledger coding to record the activity relating to student life fundraising to the proper revenue and expense accounts going forward.

We recommend management address the foregoing issues as improvements to operations. We are available to further explain the suggestions or help implement the recommendation.

This report is intended solely for the information and use of the Board of Trustees of Shreveport Charter Schools, Inc. and management and is not intended to be, and should not be, used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document. Management's written response to the deficiencies identified in our audit has not been subjected to the audit procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
January 14, 2022