

**THE MAXINE GIARDINA
CHARTER SCHOOL, INC.**

Audit of Consolidated Financial Statements

June 30, 2020



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Independent Auditor's Report

To the Board of Directors
The Maxine Giardina Charter School, Inc.
Thibodaux, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Maxine Giardina Charter School, Inc. (the School), which comprise the consolidated statement of financial position as of June 30, 2020, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements as a basis for designing 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School 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 consolidated financial statements as a whole. The schedule of governing board, the schedule of compensation, benefits, and other payments to agency head, and the consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Schedules 1 and 2 are not a required part of the consolidated 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 consolidated financial statements. We have applied certain limited procedures, which are described in the independent accountant's 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 December 15, 2020, on our consideration of the School'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 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 School's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
December 15, 2020

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Consolidated Statement of Financial Position
June 30, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 769,100
Investments	88,717
Grants Receivable	21,815
Other Current Assets	<u>8,046</u>
Total Current Assets	<u>887,678</u>
Fixed Assets	
Building	635,945
Machinery and Equipment	254,914
Improvements	134,184
Accumulated Depreciation	<u>(854,095)</u>
Total Fixed Assets, Net	<u>170,948</u>
Total Assets	<u><u>\$ 1,058,626</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 20,057
Accrued Liabilities	<u>94,732</u>
Total Current Liabilities	<u>114,789</u>
Net Assets	
Without Donor Restrictions	933,737
With Donor Restrictions	<u>10,100</u>
Total Net Assets	<u>943,837</u>
Total Liabilities and Net Assets	<u><u>\$ 1,058,626</u></u>

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Grants, and Other Support			
State Public School Funding	\$ 1,242,999	\$ -	\$ 1,242,999
Donations	151,976	10,100	162,076
Other Income and Gains, Net	103,952	-	103,952
Federal Grant Revenue	99,340	-	99,340
Other Grant Revenue	13,333	-	13,333
Unrealized Loss on Investments	(4,215)	-	(4,215)
Total Revenue, Grants, and Other Support	1,607,385	10,100	1,617,485
Expenses			
Educational Programs	1,233,357	-	1,233,357
Management and General	323,432	-	323,432
Total Expenses	1,556,789	-	1,556,789
Change in Net Assets	50,596	10,100	60,696
Net Assets, Beginning of Year	883,141	-	883,141
Net Assets, End of Year	\$ 933,737	\$ 10,100	\$ 943,837

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Education Programs</u>	<u>Supporting Services</u>	
	Program Services	Management and General	Total
Salaries	\$ 692,302	\$ 191,300	\$ 883,602
Employee Benefits	299,380	81,117	380,497
Purchased Services	55,301	19,552	74,853
Supplies, Materials, and Textbooks	57,147	4,898	62,045
Depreciation	58,884	-	58,884
Food Services	28,289	-	28,289
Phone, Internet, and Postage	26,326	-	26,326
Insurance	-	25,141	25,141
Miscellaneous and Dues	4,400	566	4,966
Travel	4,299	-	4,299
Equipment	3,044	-	3,044
Property Services	2,512	-	2,512
Repairs	775	-	775
Utilities	698	-	698
Interest	-	466	466
Advertising	-	392	392
Total	<u>\$ 1,233,357</u>	<u>\$ 323,432</u>	<u>\$ 1,556,789</u>

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2020

Cash Flows from Operating Activities	
Change in Net Assets	\$ 60,696
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	58,884
Unrealized Loss on Investments	4,215
(Increase) Decrease in Grants Receivable	1,470
Increase (Decrease) in Accounts Payable	2,753
Accrued Liabilities	<u>(3,310)</u>
Total Adjustments	<u>64,012</u>
Net Cash Provided by Operating Activities	<u>124,708</u>
Cash Flows from Investing Activities	
Purchase of Fixed Assets	(2,500)
Purchase of Investments	<u>(3,421)</u>
Net Cash Used in Investing Activities	<u>(5,921)</u>
Net Change in Cash and Cash Equivalents	118,787
Cash and Cash Equivalents, Beginning of Year	<u>650,313</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 769,100</u></u>

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of The Maxine Giardina Charter School, Inc. and Max Charter School Foundation, Inc. All material intercompany transactions have been eliminated.

Organization and Nature of Activities

The Maxine Giardina Charter School, Inc. d/b/a The Max Charter School (the School), was created as a non-profit corporation under the laws of the State of Louisiana (the State) on June 27, 2006. The School applied to the Louisiana Board of Elementary and Secondary Education (BESE) to operate a Type 2 charter school. On June 6, 2007, BESE approved the charter of the School. The charter was granted for an initial term of 3 years. The School was granted a 2-year extension, an additional 3-year extension, and most recently another 3-year extension of the contract pursuant to Louisiana Revised Statutes (R.S.) 17:3992 and 3998, which expires in 2021.

The School serves eligible students in first through eighth grade. The School specializes in instruction for students with dyslexia and other related learning disabilities. A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Max Charter School Foundation, Inc. (the Foundation) was established on March 10, 2017, to assist the School in its education mission.

Basis of Presentation

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. The School is required to record unconditional promises to give (pledges) as receivables and revenues and to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to two classes of net assets:

- a. Net Assets Without Donor Restrictions
- b. Net Assets With Donor Restrictions

In addition, the School is required to present a statement of cash flows.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. The consolidated financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Note 1. Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

For purposes of the consolidated statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2020, the School had no cash equivalents.

Fair Values of Financial Instruments

The School follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under Topic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the School can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:
 - a. Quoted prices for similar assets or liabilities in active markets;
 - b. Quoted prices for identical or similar assets or liabilities in inactive markets;
 - c. Inputs other than quoted prices that are observable for the asset or liability; and
 - d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs that are unobservable inputs for the asset or liability.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2020.

Common Stocks. Valued at the closing price reported on the active market on which the individual securities are traded.

The table in Note 9 sets forth by level, within the fair value hierarchy, the School's assets at fair value as of June 30, 2020. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

Investments

In accordance with the *Not-for-Profit Entities* Topic 820 of the FASB ASC, the School's investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the consolidated statement of financial position. Unrealized and realized gains and losses are included in the change in net assets. Investments, consisting of certificates of deposit with original maturities greater than three months, are reported at original cost plus accrued interest. Dividend and interest income are accrued when earned.

Revenues and Support

State Public School Funding

The School's primary source of funding is through the State Public School Fund. For the year ended June 30, 2020, the School received \$1,242,999 from the State based on eligible students in attendance paid on a monthly basis.

Federal and State Grants

State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses occur.

Other Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions.

Other Income

Revenue from other sources, including student activities and meals, is recorded and recognized as revenue in the period in which the School provides the service at the amount that reflects the consideration to which the School expects to be entitled for providing the service or good.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues and Support (Continued)

Contracts vs. Contributions

The School utilizes the guidance in Accounting Standards Update (ASU) 2018-08 in the assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the School. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the school year, which is simultaneous with the fiscal year. The School believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to student activities and fees and tuition. The School measures the performance obligation throughout the school year. Revenue for performance obligations satisfied at a point in time, which includes mainly income from meals and is generally immaterial, is recognized when services are provided. The School determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the fixed assets of the School:

Improvements	4 - 5 Years
Machinery and Equipment	5 - 10 Years
Building	15 Years

Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Assets

The School is required to report information regarding its financial position and activities according to two classes of net assets, which are the following:

Net Assets Without Donor Restrictions - Net assets that are resources available to support operations.

Net Assets With Donor Restrictions - Net assets that are resources that are restricted by the donor for use for a particular purpose or in a particular future period. When the 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. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

Functional Expenses

The cost of providing the School's various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. As of June 30, 2020, all expenses were allocated by direct identification and not allocated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations

The School received 77% of its revenues for the year ended June 30, 2020, from the State of Louisiana, subject to its charter school contract with the State.

Compensated Absences

The Board of Directors of the School grants all contracted employees of the School a total of 10 days of sick/personal pay per year, provided, however, that the employee is contracted for a full year. Contracted employees may carry over all unused sick/ personal days from year to year. The liability at June 30, 2020 totaled \$17,550, which is included in accrued liabilities on the consolidated statement of financial position.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021. Management is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Recent Accounting Pronouncements - Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 supersedes most current revenue recognition guidance, including industry-specific guidance, and requires expanded disclosures about revenue recognition to enable financial statement users to understand the nature, timing, amount, and uncertainty of revenue and cash flow arising from contracts with customers. The School implemented ASU 2014-09 using a modified retrospective method of application to all contracts. The School performed an analysis of revenue streams and transactions under ASU 2014-09. In particular, for student activities and fees and fundraisers, the School performed an analysis into the application of the portfolio approach as a practical expedient to group contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue primarily related to student activities and fees, fundraisers, facility rentals, and after-care tuition. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Liquidity and Availability

The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. It regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources that the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Liquidity and Availability (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 759,000
Investments	88,717
Grant Receivables	<u>21,815</u>
Total	<u>\$ 869,532</u>

Note 2. Cash and Cash Equivalents

The School's cash and cash equivalents (book balances) at June 30, 2020, were \$769,100, which are stated at cost and approximate market.

The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. At June 30, 2020, deposits in excess of FDIC coverage was \$532,610.

Note 3. Fixed Assets

Depreciation expense for the year ended June 30, 2020 was \$58,884.

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency. Assets purchased with private funds remain the property of the School.

Note 4. Accrued Liabilities

As of June 30, 2020, the School had recorded accrued liabilities of \$94,732. This amount represents teachers' accrued salaries and benefits.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.

Notes to Consolidated Financial Statements

Note 5. Restriction on Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. At June 30, 2020, the School had \$10,100 in net assets with donor restrictions.

Note 6. Retirement Plans

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (the TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered and controlled by a separate board of trustees. Pertinent information relative to the plan follows.

Plan Description

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. At June 30, 2019, the TRSL was 68.6% funded.

The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2020, the employer contribution rate was 26.0%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the year ended June 30, 2020 was \$235,774, which is equal to the required contributions for the year.

Note 7. Operating Lease

The School leases the 1.93 acres of land on which the School is located from Nicholls State University under an operating lease through July 2021. The School pays rent in the sum of \$5 per year on the lease.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.

Notes to Consolidated Financial Statements

Note 8. Uncertain Income Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in general administration expenses.

Note 9. Fair Value of Financial Instruments

The School's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the *Fair Value Measurement* Topic of the FASB ASC. See Note 1 for a description of the School's accounting policies and valuation procedures.

The valuation of the School's assets measured at fair value on a recurring basis at June 30, 2020, was as follows:

	Level 1	Level 2	Level 3	Fair Value Total
Investments				
Common Stocks	\$ 88,717	\$ -	\$ -	\$ 88,717

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 15, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
The Maxine Giardina Charter School, Inc.
Thibodaux, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Maxine Giardina Charter School, Inc. (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual consolidated financial statements of the School 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 School 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 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
 - Nonpublic Transportation Revenue

Findings: None.

Class Size Characteristics (Schedule 2)

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

Findings: None.

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 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.

Findings: For nine individuals selected, the years of experience reported on the PEP data did not agree to the individuals' personnel files.

Management's Response: The years of experience for the employees have been updated in our system and reported correctly on the current year October 1st report.

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 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).

Findings: None.

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 consolidated financial statements of the School, as required by Louisiana Revised Statute 24:514-1, 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
December 15, 2020

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
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.

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2020**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$	524,838
Other Instructional Staff Salaries		77,528
Instructional Staff Employee Benefits		285,618
Purchased Professional and Technical Services		3,234
Instructional Materials and Supplies		8,811
Instructional Equipment		<u>2,500</u>
Total Teacher and Student Interaction Activities	\$	902,529
Other Instructional Activities		2,266
Pupil Support Services		21,724
Less: Equipment for Pupil Support Services		<u>-</u>
Net Pupil Support Services		21,724
Instructional Staff Services		1,546
Less: Equipment for Instructional Staff Services		<u>-</u>
Net Instructional Staff Services		1,546
School Administration		300,639
Less: Equipment for School Administration		<u>(430)</u>
Net School Administration		300,209
Total General Fund Instructional Expenditures	\$	<u>1,228,274</u>
Total General Fund Equipment Expenditures	\$	<u>2,930</u>

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		<u>-</u>
Total Local Taxation Revenue	\$	<u>-</u>

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$	-
Earnings from Other Real Property		<u>-</u>
Total Local Earnings on Investment in Real Property	\$	<u>-</u>

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		<u>-</u>
Total State Revenue in Lieu of Taxes	\$	<u>-</u>

Nonpublic Textbook Revenue	\$	-
Nonpublic Transportation Revenue	\$	<u>-</u>

See independent accountant's report on applying agreed-upon procedures.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
 Class Size Characteristics
 As of October 1, 2019

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	100%	69	0%	0	0%	0	0%	0
Elementary Activity Classes	100%	11	0%	0	0%	0	0%	0

See independent accountant's report on applying agreed-upon procedures.

SUPPLEMENTARY INFORMATION

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Schedule of Governing Board
For the Year Ended June 30, 2020

Board Member	Compensation	Board Member	Compensation
Jake Giardina 918 East First Street Thibodaux, LA 70301 <i>Board Chair</i>	\$ - 0 -	Dr. Scot Rademaker 431 Slidell Street New Orleans, LA 70114 <i>Board Member</i>	\$ - 0 -
Karen Chauvin 214 Central Avenue Houma, LA 70364 <i>President</i>	\$ - 0 -	Dr. Albert Davis 111 East Killarney Place Thibodaux, LA 70310 <i>Board Member</i>	\$ - 0 -
Carol Broussard 137 Alamo Drive Houma, LA 70360 <i>Vice-President</i>	\$ - 0 -	Dr. Cleveland O. Hill 2130 Highway 3185 Thibodaux, LA 70301 <i>Board Member</i>	\$ - 0 -
Brian Aucoin 1306 Park Drive Thibodaux, LA 70301 <i>Treasurer</i>	\$ - 0 -	Dr. J. Stephen Welsh 5309 Toby Lane Kenner, LA 70065 <i>Board Member</i>	\$ - 0 -
Janice Fabregas 110 Rue Angelique Thibodaux, LA 70301 <i>Secretary</i>	\$ - 0 -	James Buquet, III 1243 Bayou Black Drive Houma, LA 70360 <i>Board Member</i>	\$ - 0 -
Larry Howell 112 Rue Bergere Thibodaux, LA 70301 <i>Board Member</i>	\$ - 0 -	Andrea Bergeron 381 Sugarwood Boulevard Houma, LA 70360 <i>Board Member</i>	\$ - 0 -
Caitlin Keehn Stroud 135 S. Denis Street Thibodaux, LA 70301 <i>Board Member</i>	\$ - 0 -		

See independent auditor's report.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2020

Agency Head
 Rebecca Walker, Principal

Purpose	Amount
Salary	\$73,633
Benefits - Insurance	\$11,347
Benefits - Retirement	\$19,660
Benefits - Parking Permit, NSU	\$50
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$60
Travel	\$600
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Consolidating Statement of Financial Position
For the Year Ended June 30, 2020

	The Maxine Giardina Charter School, Inc.	Max Charter School Foundation, Inc.	Eliminations	Consolidated
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 633,795	\$ 135,305	\$ -	\$ 769,100
Investments	-	88,717	-	88,717
Grants Receivable	21,815	-	-	21,815
Other Current Assets	8,046	-	-	8,046
Total Current Assets	663,656	224,022	-	887,678
Fixed Assets				
Building	635,945	-	-	635,945
Machinery and Equipment	254,914	-	-	254,914
Improvements	134,184	-	-	134,184
Accumulated Depreciation	(854,095)	-	-	(854,095)
Total Fixed Assets, Net	170,948	-	-	170,948
Total Assets	\$ 834,604	\$ 224,022	\$ -	\$ 1,058,626
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 20,057	\$ -	\$ -	\$ 20,057
Accrued Liabilities	94,732	-	-	94,732
Total Current Liabilities	114,789	-	-	114,789
Net Assets				
Unrestricted	709,815	223,922	-	933,737
Restricted	10,000	100	-	10,100
Total Net Assets	719,815	224,022	-	943,837
Total Liabilities and Net Assets	\$ 834,604	\$ 224,022	\$ -	\$ 1,058,626

See independent auditor's report.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Consolidating Statement of Activities
For the Year Ended June 30, 2020

	<u>The Maxine Giardina Charter School, Inc</u>			<u>The Max Charter School Foundation, Inc.</u>			<u>Eliminations</u>	<u>Consolidated</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>		<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Grants, and Other Support										
State Public School Funding	\$ 1,242,999	\$ -	\$ 1,242,999	\$ -	\$ -	\$ -	\$ -	\$ 1,242,999	\$ -	\$ 1,242,999
Other Income and Gains, Net	100,095	-	100,095	3,857	-	3,857	-	103,952	-	103,952
Donations	19,724	10,000	29,724	132,252	100	132,352	-	151,976	10,100	162,076
Federal Grant Revenue	99,340	-	99,340	-	-	-	-	99,340	-	99,340
Other Grant Revenue	13,333	-	13,333	-	-	-	-	13,333	-	13,333
Unrealized Loss on Investments	-	-	-	(4,215)	-	(4,215)	-	(4,215)	-	(4,215)
Total Revenue, Grants, and Other Support	1,475,491	10,000	1,485,491	131,894	100	131,994	-	1,607,385	10,100	1,617,485
Expenses										
Program Services	1,233,357	-	1,233,357	-	-	-	-	1,233,357	-	1,233,357
Management and General	322,996	-	322,996	436	-	436	-	323,432	-	323,432
Total Expenses	1,556,353	-	1,556,353	436	-	436	-	1,556,789	-	1,556,789
Change in Net Assets	(80,862)	10,000	(70,862)	131,458	100	131,558	-	50,596	10,100	60,696
Net Assets, Beginning of Year	790,677	-	790,677	92,464	-	92,464	-	883,141	-	883,141
Net Assets, End of Year	\$ 709,815	\$ 10,000	\$ 719,815	\$ 223,922	\$ 100	\$ 224,022	\$ -	\$ 933,737	\$ 10,100	\$ 943,837

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors
The Maxine Giardina Charter School, Inc.
Thibodaux, Louisiana

We have audited, 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, the consolidated financial statements of The Maxine Giardina Charter School, Inc. (the School), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 consolidated 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 the School's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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*.

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 entity'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA
December 15, 2020

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Part I. Summary of Auditor's Results

Consolidated Financial Statements

- | | |
|--|------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified? | No |
| c) Noncompliance material to the financial statements noted? | No |

Federal Awards

Not applicable.

Part II. Findings Related to the Consolidated Financial Statements

None.

THE MAXINE GIARDINA CHARTER SCHOOL, INC.
Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

None.