

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2020



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Independent Auditor's Report

To the Board of Directors
Elan Academy Charter School
New Orleans, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

LOUISIANA • TEXAS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elan Academy Charter 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.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the prior year financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 board of directors and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The performance and statistical data, included as Schedules 1 and 2 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 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 September 29, 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 the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
September 29, 2020

ELAN ACADEMY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Statement of Financial Position
 June 30, 2020

Assets	
Current Assets	
Cash	\$ 761,099
Grants Receivable	149,852
Prepaid Expenses	<u>21,004</u>
Total Current Assets	<u>931,955</u>
Property, Plant, and Equipment	
Buildings and Improvements	68,493
Machinery and Equipment	<u>100,133</u>
Total at Cost	168,626
Less: Accumulated Depreciation	<u>(120,014)</u>
Net Property, Plant, and Equipment	<u>48,612</u>
Total Assets	<u><u>\$ 980,567</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable	\$ 66,312
Accrued Expenses	<u>10,622</u>
Total Current Liabilities	<u>76,934</u>
Long-Term Debt	<u>211,330</u>
Total Long-Term Liabilities	<u>211,330</u>
Total Liabilities	<u>288,264</u>
Net Assets	
Without Donor Restrictions	<u>692,303</u>
Total Liabilities and Net Assets	<u><u>\$ 980,567</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020**

	Without Donor Restrictions
<hr/>	
Support and Revenue	
State Public School Funding	\$ 1,957,092
Federal and State Grants	332,333
Private Grants and Contributions	184,130
Other Income	<u>22,620</u>
Total Support and Revenue	<u>2,496,175</u>
Expenses and Losses	
Program Services Expense	
Education Programs	1,672,876
Support Services Expense	
Management and General	<u>506,677</u>
Total Expenses and Losses	<u>2,179,553</u>
Change in Net Assets	<u>316,622</u>
Net Assets, Beginning of Year	256,797
Prior Period Adjustment	<u>118,884</u>
Net Assets, Beginning of Year, as Restated	<u>375,681</u>
Net Assets, End of Year	<u><u>\$ 692,303</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Functional Expenses
For the Year Ended June 30, 2020**

	<u>Education Programs</u>	<u>Supporting Services</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 980,085	\$ 85,547	\$ 1,065,632
Employee Benefits	209,516	18,429	227,945
Authorizer Fees	61,174	104,894	166,068
Food Services	144,520	13,664	158,184
Transportation	123,228	-	123,228
Purchased Educational Services	96,831	-	96,831
Facility-Related Expenses	3,757	87,341	91,098
Back-Office Services, Payroll, and Audit	-	89,602	89,602
Depreciation and Amortization	-	52,612	52,612
Other Purchased Services	29,042	17,759	46,801
Supplies and Materials	20,430	16,351	36,781
Insurance	-	18,821	18,821
Equipment and Furniture	4,293	-	4,293
Legal Services	-	840	840
Travel	-	498	498
Dues and Fees	-	319	319
Total	<u>\$ 1,672,876</u>	<u>\$ 506,677</u>	<u>\$ 2,179,553</u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2020**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 316,622
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	52,612
(Increase) Decrease in:	
Grants Receivable	25,318
Prepaid Expenses	(12,228)
Increase (Decrease) in:	
Accounts Payable	(35,627)
Accrued Expenses	(12,788)
	<u>333,909</u>
Net Cash Provided by Operating Activities	
Cash Flows from Investing Activities	
Purchase of Property, Plant, and Equipment	<u>(18,156)</u>
	<u>(18,156)</u>
Net Cash Used in Investing Activities	
Cash Flows from Financing Activities	
Proceeds from Long-Term Debt	<u>211,330</u>
	<u>211,330</u>
Net Cash Provided by Financing Activities	
Net Increase in Cash	527,083
Cash, Beginning of Year	<u>234,016</u>
Cash, End of Year	<u>\$ 761,099</u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Elan Academy Charter School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on October 23, 2015. On May 17, 2016, the School entered into a Charter School Operating agreement with the Orleans Parish School Board (OPSB) beginning July 1, 2017, whereby the School would operate a Type 1 charter school as defined in Louisiana Revised Statute (LRS) 17:3971, et. seq. The charter agreement currently expires on June 30, 2022. The School also entered into a Local Educational Agency (LEA) agreement maintaining OPSB as the School's LEA. The School is currently approved to serve eligible students in kindergarten through sixth grade in Orleans Parish.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Net Asset Presentation

The School reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction.

Basis of Accounting

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

Use of Estimates

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

Functional Expenses

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Expenses (Continued)

When possible, expenses are first allocated by direct identification and then by allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort. There were no such allocated expenses during the year ended June 30, 2020.

Advertising

Advertising costs, which are included in general and administrative expenses, are expensed as incurred.

Revenues and Support

State Public School Funding

The School's primary source of funding is through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year.

Federal and State Grants

Federal and state grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Private Grants and Contributions

Private grants and contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The School will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of the promise and are discounted at an appropriate discount rate. Future amortization of the discount will be included in contribution revenue. Management closely monitors outstanding balances and writes off any balances deemed uncollectible.

Other Income

Revenue from other sources, including student activities and fees, fundraisers, facility rentals, and after-care tuition, are 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.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to 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 include mainly income from meals and are generally immaterial, are 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.

Cash

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2020, there were no restricted cash balances.

Statement of Cash Flows

For purposes of the 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.

Property, Plant, Equipment, and Depreciation

Property, plant, and equipment 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 expense for the year ended June 30, 2020 was \$50,612. Depreciation of property, plant, and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the property, plant, and equipment of the School:

	Useful Lives
Building Improvements	5 Years
Machinery and Equipment	3 - 5 Years

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The School is recognized by the Internal Revenue Service (IRS) 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.

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 management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Compensated Absences

The Board of Directors of the School grants all contracted employees of the School a total of five (5) days of sick pay and three (3) personal days per year, pro-rated based on date of hire. Sick days may not be accumulated from year to year. Personal days may be accumulated from year to year, not to exceed 5 days. Personal days and sick leave are not compensable and are forfeited upon termination. As such, at June 30, 2020, the School had no accrued compensated absences.

Concentrations of Risk

The School received 78% of its revenues for the year ended June 30, 2020, from the state of Louisiana and OPSB, subject to its charter agreement with the state.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be recovered. The School periodically maintains cash in one financial institution located in northern Louisiana in excess of insured limits. As of June 30, 2020, the School's bank balances were \$784,373. Balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to \$250,000 per financial institution, totaled \$250,000. Deposits of \$534,373 were uninsured and subject to custodial credit risk at June 30, 2020. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Reversionary Interest in Funds and Assets

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Not Yet Adopted

In January 2016, the Financial Accounting Standards Board (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 the new revenue standard on its 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, fundraisers, facility rentals, and after-care tuition, 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. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to 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 statement of financial position date, comprise the following:

Cash	\$	761,099
Grants Receivable		<u>149,852</u>
Total	\$	<u>910,951</u>

Note 2. Cash

The School's cash (book balances) at June 30, 2020 was \$761,099, which is stated at cost and approximates market.

Note 3. Grants Receivable

As of June 30, 2020, grants receivable consisted of amounts due from the following sources:

Grants	Amount
Title I	\$ 111,586
LA4	15,344
Education Excellence Fund	10,391
Other	10,371
Title II	1,482
Title IV	<u>678</u>
Total	\$ <u>149,852</u>

All amounts listed above are considered fully collectible.

Note 4. Accrued Expenses

Accrued expenses as of June 30, 2020 were as follows:

Accrued Wages and Payroll Taxes	<u>\$ 10,622</u>
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**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 5. Long-Term Debt

On May 6, 2020, the School entered into a U.S. Small Business Association (SBA) Payroll Protection Program loan (PPP loan) with Liberty Bank in the amount of \$211,330, at an interest rate of 1.00% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA.

The principal amount of the PPP loan is subject to forgiveness under the Paycheck Protection Program upon the School's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the School. The School intends to apply for forgiveness of the PPP loan with respect to these covered expenses. To the extent that all or part of the PPP loan is not forgiven, the School will be required to pay interest on the PPP loan at a rate of 1.0% per annum, and commencing in December 2020 principal and interest payments will be required through the maturity date in May 2022. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of an event of default. representations and warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of an event of default.

Note 6. Retirement Plan

The School sponsors a 403(b) plan for all eligible employees. Eligible employees are vested upon completing one (1) year of service with the School. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service (IRS). The School matches 100% of all eligible employee contributions up to a maximum of 3% of the eligible employee's compensation. The School match for the year ended June 30, 2020 totaled \$17,018.

Note 7. School Facilities Operating Lease

Effective July 1, 2017, the School entered into an agreement with the OPSB, which allows the School to use the facilities and its contents located at 709 Park Boulevard, New Orleans, Louisiana, or any other locations as may be approved by the School and the OPSB. The agreement terminates on June 30, 2021.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. Improvements made to the facilities become property of the OPSB.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 7. School Facilities Operating Lease (Continued)

Use of the property is not recorded as an in-kind contribution from the OPSB, nor as a related rent expense. The value of the use of the land and 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 future years has not been recorded.

Note 8. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the School operates.

While it is unknown how long these conditions will last and what the complete financial effect will be to the School, to date, the School is experiencing moderate disruptions at this time, including conversions to digital learning options, additional costs related to sanitization and technology supplies, and reductions in enrollment due to alternative school options. Our concentrations due to significant state and federal funding make it reasonably possible that the School is vulnerable to the risk of a near-term significant impact. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 9. Prior Period Adjustment

Net assets as of the beginning of the fiscal year have been adjusted to increase accounts receivable for adjustments to balances not previously recognized in prior years. The correction has no effect on the results of the current year's activities; however, the cumulative effect increased beginning net assets by \$118,884 and increased prior year's change in net asset from (\$103,139) to \$15,745.

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 29, 2020, and determined that no events occurred that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these 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
Elan Academy Charter School
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Elan Academy Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the 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 24:514-1. 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: During our testing, we noted one (1) transaction recorded to an incorrect object code, which resulted in incorrectly excluding the transaction from Schedule 1. We noted six (6) transactions recorded which appear to have been associated with an incorrect functional purpose, which resulted in incorrectly including the transactions on Schedule 1.

Management has updated the Schedule 1 presented in this report for these findings.

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: During our testing, we noted that the PEP data submitted to the state of Louisiana reported certain employees with the same number of years of experience as in the previous year. As such, we noted that eleven (11) of the twenty (20) employees selected may have had incorrect years of experience reported as of October 1, 2019. Per review of the June 30, 2020 PEP report, these employees' years of experience has been updated. Further, we noted that two (2) employees reported under functional code 112 - Teachers held less than a bachelor's degree.

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: During our testing, we noted that the PEP data submitted to the state of Louisiana did not account for other compensation, primarily bonuses, paid during the year. As such, we noted that salaries paid for fourteen (14) of the twenty (20) employees selected differed from reported values.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the 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

Covington, LA
September 29, 2020

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
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.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
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	\$ 452,820	
Other Instructional Staff Salaries	92,971	
Instructional Staff Employee Benefits	104,982	
Purchased Professional and Technical Services	66,522	
Instructional Materials and Supplies	22,842	
Instructional Equipment	19,500	
Total Teacher and Student Interaction Activities		\$ 759,637
Other Instructional Activities		-
Pupil Support Services		-
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		-
Instructional Staff Services		-
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		-
School Administration		698,946
Less: Equipment for School Administration	7,279	
Net School Administration		691,667
Total General Fund Instructional Expenditures		\$ 1,451,304
Total General Fund Equipment Expenditures		\$ 26,779

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 16 th 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 accountant's report on applying agreed-upon procedures.

**ELAN ACADEMY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 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	4%	2	96%	48				
Elementary Activity Classes	7%	1	93%	13				

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

SUPPLEMENTARY INFORMATION

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2020**

Board Members	Compensation
Mr. Darren Patin, Board Chair	\$-0-
Mr. Daniel Willeman, Vice-Chair	\$-0-
Mr. Todd Taylor, Secretary	\$-0-
Ms. Jonathan Stewart	\$-0-
Mr. David Hoover	\$-0-
Mr. Roger Watkins	\$-0-
Ms. Kitty Cook-Ramsey	\$-0-
Mrs. Ashley Shabankareh	\$-0-
Ms. Daphine Barnes	\$-0-
Mr. Anane Olatunji	\$-0-

See independent auditor's report.

**ELAN ACADEMY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Schedule of Compensation, Benefits, and Other Payments
 to Agency Head
 For the Year Ended June 30, 2020**

Agency Head
 Melanie Askew, Head of School

Purpose	Amount
Salary	\$113,000
Bonus	\$7,500
Benefits - Retirement	\$3,390
Benefits - Insurance	\$5,280
Contract Agreement	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$150
Conference Travel	\$500
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Meals	\$0

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
Elan Academy Charter School
New Orleans, 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 financial statements of Elan Academy Charter School (the School), which comprise the statement of financial position as of June 30, 2020, the related statements of activities and changes in net assets, 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 September 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 over financial reporting 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
September 29, 2020

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2020**

Part I. Summary of Auditor's Results

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? | None reported |
| c) Noncompliance material to the financial statements noted? | No |

Federal Awards

Not applicable.

Part II. Findings Related to the Financial Statements

None.

Part III. Federal Award Findings

Not applicable.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2020**

Part IV. Prior Year Findings

None noted.