

SOPHIE B. WRIGHT CHARTER SCHOOL

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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**SOPHIE B. WRIGHT CHARTER SCHOOL
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE	16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	18
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	20
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD	21
SCHEDULE OF FEDERAL EXPENDITURES	22
NOTES TO THE SCHEDULE OF FEDERAL EXPENDITURES	23
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	23
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES – SCHEDULE 1	26
CLASS SIZE CHARACTERISTICS – SCHEDULE 2	27



INDEPENDENT AUDITORS' REPORT

Board of Directors
Sophie B. Wright Charter School
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Sophie B. Wright Charter School (the School), a nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to on page one 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 Schools' financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying schedule of compensation, benefits, and other payments the agency head is presented for purposes of additional analysis and are not a required part of the basic 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 schedules required by Louisiana State Law, included as Schedules 1 through 2, are not a required part of the basic 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 combining financial statements. We have applied certain limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 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.



CliftonLarsonAllen LLP

Glendora, California
December 18, 2020

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 5,189,135
Cash Held for Others	345,633
Accounts Receivable - Federal and State	461,872
Prepaid Expenses and Other Assets	<u>76,696</u>
Total Current Assets	6,073,336

LONG-TERM ASSETS

Property, Plant and Equipment, Net	<u>688,457</u>
Total Long-Term Assets	<u>688,457</u>

Total Assets	<u><u>\$ 6,761,793</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 442,775
Amounts Held for Others	<u>345,633</u>
Total Current Liabilities	788,408

LONG-TERM LIABILITIES

Loan Payable	<u>842,740</u>
Total Long-Term Liabilities	842,740

NET ASSETS

Net Assets Without Restriction	<u>5,130,645</u>
Total Net Assets	<u>5,130,645</u>

Total Liabilities and Net Assets	<u><u>\$ 6,761,793</u></u>
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See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

REVENUES

State and Local Public School Funding	\$ 5,251,504
Federal Grants	1,037,163
Other Income	<u>103,771</u>
Total Revenues	<u>6,392,438</u>

EXPENSES

Program Services	5,272,329
Management and General	<u>1,000,254</u>
Total Expenses	<u>6,272,583</u>

CHANGE IN NET ASSETS WITHOUT RESTRICTION

119,855

Net Assets Without Restriction - Beginning of Year

5,010,790

NET ASSETS WITHOUT RESTRICTION - END OF YEAR

\$ 5,130,645

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 2,898,595	\$ 428,604	\$ 3,327,199
Pension Expense	106,048	5,568	111,616
Other Employee Benefits	272,338	40,269	312,607
Payroll Taxes	193,334	28,587	221,921
Legal Expenses	-	11,898	11,898
Accounting Expenses	-	117,491	117,491
Instructional Materials	65,653	-	65,653
Other Fees for Services	545,740	25,810	571,550
Office Expenses	-	180,751	180,751
Occupancy Expenses	517,336	-	517,336
Travel Expenses	1,505	2,535	4,040
Conference and Meeting Expenses	10,151	-	10,151
Interest Expense	-	333	333
Depreciation Expense	131,322	-	131,322
Insurance Expense	59,897	30,574	90,471
Other Expenses	470,410	127,834	598,244
	<u>\$ 5,272,329</u>	<u>\$ 1,000,254</u>	<u>\$ 6,272,583</u>
Total Functional Expenses	<u>\$ 5,272,329</u>	<u>\$ 1,000,254</u>	<u>\$ 6,272,583</u>

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 119,855
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	131,322
Change in Operating Assets:	
Accounts Receivable - Federal and State	(63,508)
Accounts Receivable - Other	26,543
Prepaid Expenses and Other Assets	66,423
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	(78,530)
Amounts Held for Others	(42,939)
Net Cash Provided by Operating Activities	159,166

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Property, Plant and Equipment	(188,585)
Net Cash Used by Investing Activities	(188,585)

CASH FLOWS from FINANCING ACTIVITIES:

Proceeds from Loan Payable	842,740
Net Cash Provided by Financing Activities	842,740

NET CHANGE IN CASH AND CASH EQUIVALENTS

813,321

Cash and Cash Equivalents - Beginning of Year

4,721,447

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 5,534,768

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid for Interest During the Fiscal Year	\$ 333
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CASH AND CASH EQUIVALENTS - END OF YEAR

Cash and Cash Equivalents	\$ 5,189,135
Cash Held for Others	345,633
TOTAL	\$ 5,534,768

See accompanying Notes to Financial Statements.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Institute for Academic Excellence dba: Sophie B. Wright Charter School (the School) was granted a charter by the State Board of Elementary and Secondary Education in 2004 to promote excellence in a caring environment and to prepare each student, in a partnership with parents and the community, to be a lifelong self-directed learner in a diverse society.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Contributions restricted by donors are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

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 the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2020. Management believes that all receivables are fully collectible, therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

Compensated Absences

Teachers and staff are allowed a maximum of 10 cumulative sick and/or personal days per year. These days will not carry over to the next year, but may, at the discretion of the School's board of directors, be used for extended sick leave if an employee has a medical event that necessitates longer than 10 days of recovery, and permission is granted by the board of directors of the School. At the time of retirement, death, or termination, no monies will be owed or paid to an employee for accumulated sick days. If an employee leaves the Institute to continue in another public school system, the accumulated days on record will be transferred to that system upon resignation from the School.

Revenue Recognition

The School's primary sources of funding are through the State Public School Fund and federal grants, as well as private donations. Amounts received from the State Public School Fund are conditional and recognized as revenue by the School based on the enrollment of students. Federal grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2020, the School has no conditional grants.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction. The statute of limitations for federal purposes is generally three years.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The School has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

In November 2016, FASB issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. The update requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalent and the amounts generally described as restricted cash or restricted cash equivalents. The School has implemented ASU 2016-18 under the full retrospective approach. The impact resulted in an increase in cash and cash equivalents and the addition of a reconciliation of cash the statement of cash flows.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The School has implemented ASU 2018-08 under the full retrospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The School has evaluated subsequent events through December 18, 2020, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$5,651,007.

As part of the School's liquidity management plan, the School invests cash in excess of daily requirements in short term investments, CDs, and money market funds.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 PROPERTY PLANT AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2020:

Machinery & Equipment	\$ 153,741
Band Uniforms	93,999
Technology Software	35,935
Vehicles	950,343
Accumulated Depreciation	<u>(545,561)</u>
Total	<u><u>\$ 688,457</u></u>

Depreciation expense for the year ended June 30, 2020 was \$131,322.

NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

The School obtained a loan in the amount of \$842,740 through the Paycheck Protection Program administrated by the U.S. Small Business Administration which is part of the Coronavirus Aid Relief and Economic Security Act. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. 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 2021. Principal and interest payments will be required through the maturity date in 2022.

NOTE 6 OPERATING LEASES

The School leases it facilities under several lease agreements where the last lease expires in December 2023. Lease expense under these agreements for the year ended June 30, 2020 was \$343,323.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 279,840
2022	279,840
2023	279,840
2024	<u>139,920</u>
Total	<u><u>\$ 979,440</u></u>

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 EMPLOYEE RETIREMENT

Defined Contribution Plan

The School offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. Employees are eligible to participate in the plan immediately upon hire. All participant contributions are 100% vested at the time of funding. Employer matching contributions, plus any earnings generated, are vested after five years of service. The Institute provides matching contributions of 4% of annual salary for 1 to 4 years of service and 7.5% of annual salary after five years of service. The School provides matching contributions of 10% of annual salary for the principal and assistant principal after five years of service.

Plan participants have the option of contributing funds before-tax (traditional) or after-tax (Roth), with a maximum annual contribution per participant of the lesser of \$17,500, or 100% of includible compensation. Participants over the age of 50 have the option to contribute an additional \$5,500 per year as a "catch-up" contribution. The School may match participant contributions equal to a discretionary percentage, as determined by the employer from year to year. Each participant must be employed on the last day of the contribution period to be considered eligible for matching contributions. The amount of employer contributions for the year ended June 30, 2020 was \$43,221.

NOTE 8 FUNDS HELD ON BEHALF OF OTHERS/DUE TO OTHERS

The School acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$345,633 at June 30, 2020, and are reported as both an asset (funds held on behalf of others) and a liability (due to others). Consequently, there is no effect on the Institute's net assets.

NOTE 9 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on time and effort include salaries and wages, pension expense, other employee benefits, and payroll taxes.

NOTE 10 CONTINGENCIES AND COMMITMENTS

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 CONTINGENCIES AND COMMITMENTS (CONTINUED)

The extent of the impact of COVID-19 on the operational and financial performance of the School will depend on certain developments, including the duration and spread of the outbreak, impact on state and federal funding, donors, employees and vendors; all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations of the School is uncertain.

Specific to the School, COVID-19 may impact various parts of its 2020 operations and financial results, including funding sources determined by economic activity. Management believes the School is taking appropriate actions to mitigate the negative impact. The School received a loan in the amount of \$842,740 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.



**INDEPENDENT AUDITOR'S 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**

Board of Directors
Sophie B. Wright Charter School
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sophie B. Wright Charter School (the School), a nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 18, 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 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 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 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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 18, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE

Board of Directors
Sophie B. Wright Charter School
New Orleans, LA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Sophie B. Wright Charter School (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Glendora, California
December 18, 2020

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A, Basic Grants
10.555	Child Nutrition Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Section II – Financial Statement Findings

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

Section III – Federal Findings

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

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

There were no findings for the year ended June 30, 2019.

SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Agency Head: Sharon Clark

Purpose	Amount
Salary	\$ 214,445
Benefits - Employer Portion of Retirement	37,300
Benefits - Employer Portion of Medical/Dental/Vision	9,449
Benefits - FICA Medicare	14,546
Total	\$ 275,740

**SOPHIE B. WRIGHT CHARTER SCHOOL
SCHEDULE OF FEDERAL EXPENDITURES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Pass Through Program From Louisiana Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 342,031
Title II, Part A, Teacher Quality	84.367	14341	47,006
Title VI	84.242	N/A	19,220
Special Ed Cluster	84.027	N/A	131,296
Grants and Programs for Career and Technical Education/Community Colleges	84.048A	N/A	8,065
Teacher Incentive Fund	84.374A	N/A	114,665
Total U.S. Department of Education			<u>662,283</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Pass Through Program From Louisiana Department of Education:			
Child Nutrition Cluster	10.555	N/A	374,880
Total U.S. Department of Agriculture			<u>374,880</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,037,163</u>

N/A - Pass-through entity number not readily available or not applicable.

See accompanying Notes to Schedule of Federal Expenditures.

**SOPHIE B. WRIGHT CHARTER SCHOOL
NOTES TO THE SCHEDULE OF FEDERAL EXPENDITURES
JUNE 30, 2020**

NOTE 1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected to use a rate other than the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

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



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Sophie B. Wright Charter School
Louisiana Department of Education and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Sophie B. Wright Charter 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 Sophie B. Wright Charter 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 applicable Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the Sophie B. Wright Charter 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 1 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:

None.

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.

Board of Directors
Sophie B. Wright Charter School

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 (City or Parish School Board or Charter 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 18, 2020

**SOPHIE B. WRIGHT CHARTER SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL
REVENUE SOURCES
SCHEDULE 1
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

General Fund Instructional and Equipment Expenditures	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,813,199	
Other Instructional Staff Activities	65,403	
Instructional Staff Employee Benefits	415,367	
Purchased Professional and Technical Services	106,872	
Instructional Materials and Supplies	126,310	
Instructional Equipment	76,713	
Total Teacher and Student Interaction Activities		\$ 2,603,864
Other Instructional Activities		-
Pupil Support Services	258,709	
Less: Equipment for Pupil Support Services		
Net Pupil Support Services		258,709
Instructional Staff Services	245,195	
Less: Equipment for Instructional Staff Services		
Net Instructional Staff Services		245,195
School Administration	1,075,867	
Less: Equipment for School Administration		
Net School Administration		1,075,867
Total General Fund Instructional Expenditures (Total of Column B)		\$ 4,183,635
Total General Fund Equipment Expenditures (Object 730; Functional Series 1000-4000)		\$ -
Local Revenue Sources		
Earnings on Investments:		
Interest on Investments		\$ 41,640
Miscellaneous Revenues:		
Other Miscellaneous Revenues		62,131
Total Revenues from Local Sources		\$ 103,771
Revenues from State Sources		
State Unrestricted Grants-In-Aid:		
State Public School Fund (MFP) - Excluding School Lunch		\$ 5,216,112
State Revenue for/on Behalf of LEA:		
Other Revenue for/on Behalf of LEA		35,392
Total Revenue from State Sources		\$ 5,251,504
Revenue from Federal Sources:		
Lunch Program		\$ 374,880
Other Federal Revenue		662,283
Total Revenue from Federal Sources		\$ 1,037,163

**SOPHIE B. WRIGHT CHARTER SCHOOL
 CLASS-SIZE CHARACTERISTICS
 SCHEDULE 2
 YEAR ENDED JUNE 30, 2020
 (SEE INDEPENDENT AUDITORS' REPORT)**

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary								
Elementary Activity Class								
Middle High								
Middle High Activity Class								
High	75	59%	35	27%	18	14%	0	0%
High Activity Class								
Combination								
Combination Activity Class								

