

Southwest Louisiana Charter Academy
Foundation, Inc.

Combined Financial Statements
For the Year Ended June 30, 2020



Southwest Louisiana Charter Academy Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Southwest Louisiana Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have audited the accompanying combined financial statements of Southwest Louisiana Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

CPA's + Trusted Advisors

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Charter Academy Foundation, Inc. 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 combined financial statements as a whole. The combining statements on pages 20 through 23 and the Schedule of Board of Directors and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 26 and 27 are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

The Performance and Statistical Data on pages 33 through 38 are not a required part of the combined 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 combined financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Reports on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 2020

FINANCIAL STATEMENTS

Southwest Louisiana Charter Academy Foundation, Inc.
Combined Statement of Financial Position
June 30, 2020

Current Assets:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 4,565,045 |
| Custodial funds - cash | 45,463 |
| Grants receivable | 156,267 |
| Other receivables | 2,675 |
| Prepaid items | 16,098 |
| Restricted investments | <u>13,876,442</u> |
| Total current assets | <u>18,661,990</u> |

**Property and Equipment, Less Accumulated
Depreciation of \$ 5,109,876**

22,356,802

Other Assets:

| | |
|------------------------|------------------|
| Restricted investments | 3,028,207 |
| Deposits | <u>8,626</u> |
| Total other assets | <u>3,036,833</u> |

Total assets \$ 44,055,625

Current Liabilities:

| | |
|---------------------------------------|------------------|
| Accounts payable and accrued expenses | \$ 1,710,986 |
| Salaries and wages payable | 597,375 |
| Accrued interest payable | 155,739 |
| Due to related party | 71,332 |
| Due to management company | 66,017 |
| Custodial funds | 45,463 |
| Compensated absences | 35,895 |
| Bonds payable | 345,000 |
| Refundable advances | <u>35,848</u> |
| Total current liabilities | <u>3,063,655</u> |

Noncurrent Liabilities:

| | |
|--|-------------------|
| Compensated absences | 11,965 |
| Debt - Paycheck Protection Program | 488,087 |
| Bonds payable, net of unamortized premium, discount and bond issuance costs | <u>39,523,306</u> |

Total noncurrent liabilities 40,023,358

Total liabilities 43,087,013

Commitments (Note 12)

-

Net Assets - Without Donor Restrictions

968,612

Total liabilities and net assets \$ 44,055,625

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

**Southwest Louisiana Charter Academy Foundation, Inc.
 Combined Statement of Activities Without Donor Restrictions
 For the Year Ended June 30, 2020**

Support and Revenues:

Support:

| | |
|----------------------------|-------------------|
| Contributions | \$ 4,213 |
| Grants: | |
| Federal | 1,463,560 |
| State | 89,244 |
| Local | 3,794 |
| Minimum Foundation Program | <u>13,620,064</u> |
| Total support | <u>15,180,875</u> |

Revenues:

| | |
|----------------------------|-------------------|
| Before and aftercare fees | 16,616 |
| Other revenue | 1,084,212 |
| Interest income | <u>68,334</u> |
| Total revenues | <u>1,169,162</u> |
| Total support and revenues | <u>16,350,037</u> |

Expenses:

Program services:

| | |
|------------------------|-------------------|
| Regular education | 8,401,093 |
| Special education | 1,390,697 |
| Other education | 306,035 |
| Supporting services | |
| Management and general | <u>4,162,167</u> |
| Total expenses | <u>14,259,992</u> |

| | |
|----------------------|-----------|
| Change in net assets | 2,090,045 |
|----------------------|-----------|

| | |
|--|--------------------|
| Net Assets (Deficit) Without Donor Restrictions, Beginning of Year, as Restated (Note 18) | <u>(1,121,433)</u> |
|--|--------------------|

| | |
|---|-------------------|
| Net Assets Without Donor Restrictions, End of Year | <u>\$ 968,612</u> |
|---|-------------------|

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

Southwest Louisiana Charter Academy Foundation, Inc.
Combined Statement of Functional Expenses
For the Year Ended June 30, 2020

| | Program Services | | | Supporting Services | Total |
|--------------------------------|---------------------|---------------------|-------------------|------------------------|----------------------|
| | Regular Education | Special Education | Other Education | Management and General | |
| Salaries | \$ 4,500,101 | \$ 810,117 | \$ 245,754 | \$ 537,529 | \$ 6,093,501 |
| Interest | - | - | - | 1,671,394 | 1,671,394 |
| Contracted and vendor services | 426,329 | 85,168 | 6,255 | 952,121 | 1,469,873 |
| Benefits | 826,685 | 156,418 | 20,861 | 165,694 | 1,169,658 |
| Depreciation and amortization | 526,452 | 69,550 | - | 18,433 | 614,435 |
| Student services | 490,409 | 64,008 | - | - | 554,417 |
| Food service | 419,256 | 54,891 | 12,705 | - | 486,852 |
| Repairs and maintenance | 293,536 | 39,444 | - | 38,112 | 371,092 |
| Supplies and materials | 235,148 | 39,975 | 5,565 | 50,538 | 331,226 |
| Utilities | 208,188 | 27,683 | - | 18,410 | 254,281 |
| Rent | - | - | - | 250,031 | 250,031 |
| Technology | 77,843 | 19,651 | - | 138,166 | 235,660 |
| Professional services | 42,830 | 1,590 | - | 186,685 | 231,105 |
| Insurance | 61,801 | 8,145 | 7,452 | 63,096 | 140,494 |
| Office expense | 90,341 | 4,219 | - | 17,862 | 112,422 |
| Travel | 87,987 | 334 | 447 | 5,808 | 94,576 |
| Professional development | 61,507 | 2,752 | - | 21,158 | 85,417 |
| Marketing and recruitment | 35,454 | 4,403 | - | 1,428 | 41,285 |
| School board fees | 17,226 | 2,349 | - | 18,614 | 38,189 |
| Other | - | - | 6,996 | 7,088 | 14,084 |
| Total expenses | <u>\$ 8,401,093</u> | <u>\$ 1,390,697</u> | <u>\$ 306,035</u> | <u>\$ 4,162,167</u> | <u>\$ 14,259,992</u> |

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

Southwest Louisiana Charter Academy Foundation, Inc.
Combined Statement of Cash Flows
For the Year Ended June 30, 2020

Cash Flows from Operating Activities:

| | |
|---|------------------|
| Change in net assets | \$ 2,090,045 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Provision for depreciation | 597,134 |
| Provision for amortization of bond issuance costs | 84,709 |
| Provision for amortization of bond premium and discount | (6,646) |
| (Increase) Decrease in: | |
| Grants receivable | 153,099 |
| Due from related party | (413,326) |
| Other receivables | 2,106 |
| Prepaid items | (16,098) |
| Increase (Decrease) in: | |
| Accounts payable and accrued expenses | 1,550,477 |
| Salaries and wages payable | 175,439 |
| Accrued interest payable | 99,631 |
| Due to management company | (570,082) |
| Due to related party | (573,267) |
| Custodial funds | (37,122) |
| Compensated absences | 19,284 |
| Refundable advances and deferred revenue | 26,807 |
| | <u>3,182,190</u> |
| Net cash provided by operating activities | <u>3,182,190</u> |

Cash Flows from Investing Activities:

| | |
|---|---------------------|
| Sales of investments | 6,930,631 |
| Purchases of investments | (22,193,820) |
| Payments for purchase of property and equipment | <u>(6,248,108)</u> |
| Net cash used in investing activities | <u>(21,511,297)</u> |

Cash Flows from Financing Activities:

| | |
|--|--------------------|
| Proceeds from bonds | 23,540,000 |
| Original bond premium | 983,375 |
| Debt - Paycheck Protection Program | 488,087 |
| Bond issuance costs and underwriters' discount | (814,255) |
| Payments on bonds and notes payable | <u>(3,979,106)</u> |
| Net cash provided by financing activities | <u>20,218,101</u> |

| | |
|---------------------------------------|-----------|
| Increase in cash and cash equivalents | 1,888,994 |
|---------------------------------------|-----------|

| | |
|---|------------------|
| Cash and Cash Equivalents, Beginning of Year | <u>2,721,514</u> |
|---|------------------|

| | |
|---|---------------------|
| Cash and Cash Equivalents, End of Year | <u>\$ 4,610,508</u> |
|---|---------------------|

| | |
|---------------------------------|---------------------|
| Cash and cash equivalents | \$ 4,565,045 |
| Custodial funds - cash | <u>45,463</u> |
| Total cash and cash equivalents | <u>\$ 4,610,508</u> |

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

Note 1 - Organization and Operations

Organization: Southwest Louisiana Charter Academy Foundation, Inc. (the "Foundation"), a Louisiana not-for-profit corporation, was formed on April 19, 2012 exclusively for educational purposes and is comprised of respected leaders in the Lake Charles community that are committed to providing high quality educational options for the citizens of the Calcasieu Parish. Southwest Louisiana Charter Academy, a Department of the Foundation, was established as a charter school in July 2012 for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu. Lake Charles College Prep, a Department of the Foundation, was established as a charter school in July 2014 for students from ninth to twelfth grade in the Louisiana Parish of Calcasieu.

Nature of activities: Southwest Louisiana Charter Academy ("SWLCA") was granted a charter by the Louisiana Board of Elementary and Secondary Education ("BESE") in 2012 to operate a Type 2 public charter school. The current charter is in effect until June 2022. The charter may be renewed at the discretion of BESE.

Lake Charles College Prep ("LCCP") was granted a charter by the Louisiana Board of Elementary and Secondary Education ("BESE") in 2014 to operate a Type 2 public charter school. The current charter is in effect until June 2022. The charter may be renewed at the discretion of BESE.

The Foundation seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measure pupil progress toward stated goal; and participate in pupil assessment required by law, regulation and BESE policy.

The mission of the Foundation is to become a powerful platform of change through the creation of a network of high-performing charter schools that will target traditionally underserved students and ensure that every student realizes their academic and personal potential. The goal is to ensure that each student realizes their potential to become a self-motivated life-long learner, a responsible citizen, and a productive member of the global 21st century workforce, by ensuring that each graduating student is prepared to enter, compete, and succeed in secondary and post-secondary educational opportunities and careers of choice.

The Foundation will implement its mission through creating a learning environment of student safety and success that incorporates individualized, research-based instruction, integrated character education, project-based learning opportunities, and community engagement.

Note 2 - Summary of Significant Accounting Policies

Principles of combination: The accompanying combined financial statements include the accounts of the Foundation. All significant intercompany balances and transactions have been eliminated in combination.

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 statements of the Foundation are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation reports no net assets with donor restrictions as of June 30, 2020.

Note 2 - Summary of Significant Accounting Policies (continued)

Net assets: 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 restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions 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 restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash and cash equivalents: The Foundation considers all highly liquid or short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation routinely maintains cash balances at financial institutions which exceed federally insured amounts. The Foundation has not experienced any losses and does not believe that a significant credit risk exists as a result of this practice.

Restricted investments: At June 30, 2020, restricted investments include escrow balances restricted for debt service (Notes 4 and 9) and other activities as follows:

| | |
|--|----------------------|
| Series 2013 Debt Service Reserve Fund | \$ 1,594,678 |
| Series 2013 Revenue Fund | 57,276 |
| Series 2019 Project | 13,648,274 |
| Series 2019 Debt Service Reserve | 1,433,529 |
| Series 2019 Interest | 100,242 |
| Series 2019 Costs of Issuance | 44,176 |
| Series 2019 Repair and Replacement Reserve | 16,680 |
| Series 2019 Principal | 8,750 |
| Series 2019 Capitalized Interest | <u>1,044</u> |
| Total restricted investments | <u>\$ 16,904,649</u> |

Note 2 - Summary of Significant Accounting Policies (continued)

Promises to give: The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Foundation had no unconditional or conditional promises to give as of June 30, 2020.

Property and equipment: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Donated property and equipment assets are reported at acquisition value as of the date received. Additions, improvements, and other major renewals that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related assets. Other costs incurred for repairs and maintenance are charged to expense as incurred. Interest expense is capitalized during the time a project is under construction and begins upon the issuance of bonds to finance the construction of a capital asset.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

| | |
|----------------------------------|---------------|
| Building | 25 - 45 years |
| Furniture and equipment | 5 years |
| Computer equipment and software | 3 years |
| Improvements other than building | 10 years |

Prepaid items: Certain payments reflect costs applicable to services for a future accounting period and are recorded as prepaid expenses in the accompanying financial statements.

Compensated absences: The Foundation's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Bond issuance costs and provision for amortization: The Foundation incurred certain costs in connection with the issuance of its bonds. These costs have been capitalized for financial reporting purposes and are amortized over the term of the bonds on a straight-line basis. In accordance with the guidance of Financial Accounting Standards Board in its Accounting Standards Update 2015-03, *Interest-Imputation of Interest*, the Foundation has presented its bond issuance costs in the statement of financial position as a direct deduction from the bonds payable.

Total provision for amortization was \$ 84,709 for the year ended June 30, 2020.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue and revenue recognition: The Foundation recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

A portion of Foundation's revenue, derived from cost-reimbursement federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Amounts received prior to meeting certain conditions, including measurable performance or other barriers, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

The Schools, as Type 2 charter schools, received Minimum Foundation Program funding from BESE in an amount for pupils based on estimated daily attendance at the Schools. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the result of any audits performed.

Refundable advances: Revenues received in advance that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances.

Deferred revenue: Deferred revenue is recorded in connection with resources that have been received, but not yet earned.

Functional allocation of expenses: The cost of providing the various programs and other activities has 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.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Date of management's review: Subsequent events have been evaluated through December 22, 2020, which is the date the financial statements were available to be issued.

Note 3 - Custodial Funds - Cash

As a service to the various School club and parent organizations, the Schools permit these organizations to deposit their own funds in separate School checking accounts. Since these funds are outside of regular School operations, they are also recorded as a liability in the statement of financial position.

Note 4 - Restricted Investments

Previously, the Foundation borrowed funds for construction of facilities for SWLCA (Note 9). The restricted investments of the Foundation are governed by the Bond Indenture and are held by the Trustee. At June 30, 2020, the Foundation has \$ 1,651,954 invested in a money market mutual fund that is stated at amortized cost which approximates fair value.

During the year, the Foundation borrowed funds for construction of facilities for LCCP (Note 9). The restricted investments of the Foundation are governed by the Bond Indenture and are held by the Trustee. At June 30, 2020, the Foundation has \$ 15,252,695 invested in a money market mutual fund that is stated at amortized cost which approximates fair value.

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. This exposure to credit risk is limited because the money market fund is rated AAA-mf by Moody's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is forty-five days.

Note 5 - Liquidity and Availability of Financial Assets

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

| | | |
|--|----|-------------------------|
| Financial Assets: | | |
| Cash and cash equivalents | \$ | 4,565,045 |
| Grants and other receivables | | <u>158,942</u> |
| Financial assets at year-end | | 4,723,987 |
| Less: | | |
| Contractual or donor-imposed restrictions making financial assets unavailable for general expenditure: | | |
| Debt - Paycheck Protection Program | | <u>488,087</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ | <u><u>4,235,900</u></u> |

Note 6 - Grants Receivable

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

| <u>Receivables</u> | <u>Amount</u> |
|--------------------|-------------------|
| Title I | \$ 116,763 |
| IDEA | 39,025 |
| Title II | <u>479</u> |
| | <u>\$ 156,267</u> |

Note 7 - Property and Equipment

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

| | |
|-----------------------------------|----------------------|
| Building | \$ 13,032,731 |
| Furniture, fixtures and equipment | 1,560,429 |
| Computer equipment and software | 1,994,977 |
| Improvements other than building | <u>299,842</u> |
| | 16,887,979 |
| Less: accumulated depreciation | <u>(5,109,876)</u> |
| | 11,778,103 |
| Land | 3,992,554 |
| Construction in progress | <u>6,586,145</u> |
| Property and equipment, net | <u>\$ 22,356,802</u> |

Depreciation expense for the year ended June 30, 2020 totaled \$ 597,134.

If certain governmental funding is used to acquire tangible property assets, the BESE has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the BESE.

Note 8 - Due to Related Party

The Foundation and Lake Charles Charter Academy Foundation, Inc. ("LCCAF") are related, as they share common board membership. As of June 30, 2020, the financial statements include an amount due to LCCAF in the amount of \$ 71,332.

Southwest Louisiana Charter Academy Foundation, Inc.
Notes to Combined Financial Statements
June 30, 2020

Note 9 - Bonds Payable

a. Summary of Bonds Payable

Bonds payable at June 30, 2020 is comprised of the following bond issues:

| | |
|---|-------------------|
| \$ 20,805,000 Tax-Exempt Revenue Bonds, Series 2019A and \$ 2,735,000 Taxable Revenue Bonds, Series 2019B; due in semi-annual installments beginning June 2021 through June 2058; interest payable semi-annually at rates that range from 4.250% to 6.350%. | \$ 23,540,000 |
| Plus unamortized bond premium | 970,604 |
| Less unamortized bond issuance costs | (746,844) |
| | |
| \$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013; due in semi-annual installments through December 2043; interest payable semiannually at rates that range from 6.625% to 8.375%. | 16,655,000 |
| Less unamortized bond discount | (143,949) |
| Less unamortized bond issuance costs | (406,505) |
| | <u>39,868,306</u> |

The following is a summary of changes in bonds payable for the year ended June 30, 2020:

| | Balance at July 1, 2019 | Additions | Deletions | Balance at June 30, 2020 | Due Within One Year |
|---|-------------------------------|----------------------|-------------------|--------------------------------|---------------------------|
| Revenue Bonds, Series 2019 | \$ - | \$ 23,540,000 | \$ - | \$ 23,540,000 | \$ 105,000 |
| Premium on Series 2019 Bonds | - | 983,375 | (12,771) | 970,604 | - |
| Bond issuance costs | - | (814,255) | 67,411 | (746,844) | - |
| Educational Facilities Revenue Bonds, Series 2013 | 16,880,000 | - | 225,000 | 16,655,000 | 240,000 |
| Discount on Series 2013 Bonds | (150,074) | - | 6,125 | (143,949) | - |
| Bond issuance costs | (423,803) | - | 17,298 | (406,505) | - |
| | <u>\$ 16,306,123</u> | <u>\$ 23,709,120</u> | <u>\$ 303,063</u> | <u>\$ 39,868,306</u> | <u>\$ 345,000</u> |

Note 9 - Bonds Payable (continued)

b. Summary of Significant Bond Terms

\$ 20,805,000 Tax-Exempt Revenue Bonds, Series 2019A and \$ 2,735,000 Taxable Revenue Bonds, Series 2019B - Series 2019 bonds are for the purpose of (i) financing the acquisition, construction and equipping of LCCP facilities, (ii) refinance existing debt used to acquire temporary facilities and the land site upon which the facility will be located, (iii) paying capitalized interest, (iv) funding a reserve fund, and (v) paying a portion of the costs of issuance of the Series 2019 bonds. The bonds are payable in annual principal installments beginning June 2023 through June 2058 for the Series 2019A bonds and June 2021 through June 2058 for the Series 2019B bonds. Interest at 5.0% is payable semiannually on the first day of June and December on the Series 2019A bonds and at rates that range from 4.250% to 6.350% on the Series 2019B bonds.

The bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. All of the bonds are subject to redemption prior to maturity except for the Series 2019A bonds that mature on June 1, 2028 and the Series 2019B bonds that mature on June 1, 2023.

The annual debt service requirement for the Series 2019 Educational Facilities Revenue Bonds consists of:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2021 | \$ 105,000 | \$ 1,202,898 | \$ 1,307,898 |
| 2022 | 215,000 | 1,198,435 | 1,413,435 |
| 2023 | 240,000 | 1,189,298 | 1,429,298 |
| 2024 | 250,000 | 1,178,633 | 1,428,633 |
| 2025 | 260,000 | 1,165,863 | 1,425,863 |
| 2026-2030 | 1,520,000 | 5,615,812 | 7,135,812 |
| 2031-2035 | 1,950,000 | 5,185,583 | 7,135,583 |
| 2036-2040 | 2,505,000 | 4,632,798 | 7,137,798 |
| 2041-2045 | 3,210,000 | 3,923,126 | 7,133,126 |
| 2046-2050 | 4,120,000 | 3,012,017 | 7,132,017 |
| 2051-2055 | 5,290,000 | 1,840,691 | 7,130,691 |
| 2056-2058 | 3,875,000 | 405,863 | 4,280,863 |
| | <u>\$ 23,540,000</u> | <u>\$ 30,551,017</u> | <u>\$ 54,091,017</u> |

The trust indenture requires reserve funds equal to \$ 1,430,380 for the Series 2019 bonds. As of June 30, 2020, the reserve fund account balance was sufficient to satisfy this requirement. In addition, the trust indenture contains a financial covenant which requires LCCP to maintain a long-term debt service coverage ratio of 1.10 to 1.00 commencing with the fiscal year ending June 30, 2021. The trust indenture also contains a financial covenant which requires LCCP to maintain days cash on hand equal to or greater than 45 days commencing with the fiscal year ending June 30, 2021. LCCP's financial covenants for the year ended June 30, 2020 are as follows:

Note 9 - Bonds Payable (continued)

| <u>Covenant</u> | <u>Requirement</u> | <u>Calculated</u> |
|---------------------------------------|--------------------|-------------------|
| Long-term debt service coverage ratio | At least 1.10 | 2.38 |
| Days cash on hand | At least 45 days | 245 |

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Foundation grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

\$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013 - Series 2013 tax-exempt bonds are for the purpose of (i) financing the acquisition, construction and equipping of SWLCA facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2013 bonds. The bonds are payable in semi-annual principal installments through December 2043. Interest ranging from 6.625% to 8.375% is payable semiannually on the fifteenth day of June and December.

The bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The bonds are not subject to a premium at optional redemption after December 15, 2023.

The annual debt service requirement for the Series 2013 Educational Facilities Revenue Bonds consists of:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|----------------------|----------------------|----------------------|
| 2021 | \$ 240,000 | \$ 1,350,156 | \$ 1,590,156 |
| 2022 | 255,000 | 1,334,091 | 1,589,091 |
| 2023 | 275,000 | 1,316,866 | 1,591,866 |
| 2024 | 295,000 | 1,298,316 | 1,593,316 |
| 2025 | 315,000 | 1,276,166 | 1,591,166 |
| 2026-2030 | 1,985,000 | 5,971,634 | 7,956,634 |
| 2031-2035 | 2,945,000 | 5,016,728 | 7,961,728 |
| 2036-2040 | 4,405,000 | 3,556,046 | 7,961,046 |
| 2041-2044 | 5,940,000 | 1,225,262 | 7,165,262 |
| | <u>\$ 16,655,000</u> | <u>\$ 22,345,265</u> | <u>\$ 39,000,265</u> |

The trust indenture requires reserve funds equal to \$ 1,594,678 for the Series 2013 bonds. As of June 30, 2020, the reserve fund account balance was sufficient to satisfy this requirement. The trust indenture also contains a financial covenant which is as follows:

| <u>Covenant</u> | <u>Requirement</u> | <u>Calculated</u> |
|---------------------------------------|--------------------|-------------------|
| Long-term debt service coverage ratio | At least 1.25 | 1.26 |

Note 9 - Bonds Payable (continued)

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Foundation grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

Note 10 - Debt - Paycheck Protection Program

On April 15, 2020, the Foundation executed a promissory note for \$ 488,087 under the *Paycheck Protection Program* ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan bears interest rate at 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs at LCCP and if the Foundation maintains certain employment levels at LCCP during a specified period of time. If the Small Business Administration ("SBA") confirms full forgiveness of the unpaid balance of the note, the Foundation's obligation under this arrangement will be deemed fully satisfied. The Foundation remains obligated to repay to the lender any amount not forgiven, which matures on the second anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from SBA. If the Foundation does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it is required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due (principal and interest) based on the remaining time up until its maturity. As of June 30, 2020, the outstanding principal amount of the note payable was \$ 488,087.

Note 11 - Income Taxes

Southwest Louisiana Charter Academy Foundation, Inc. is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code.

Note 12 - Commitments

Management agreement: The Foundation has a formal agreement with Charter Schools USA at Southwest Louisiana, LLC ("CSUSA") to manage, staff, and operate SWLCA. For this School, the cost reimbursements and management fees range from \$ 1,554,285 for 2021 to \$ 1,911,575 for 2028 if the School obtains a letter grade of "B" or above and at lesser amounts for grades below "B" as defined in the agreement. The agreement will renew to coincide with the charter renewals unless terminated by either party. Total cost reimbursements and management fees charged by CSUSA to SWLCA amounted to \$ 1,064,569 for the year ended June 30, 2020. Extension of the agreement shall correspond to the length of the Charter and shall be approved by the Board of the Directors.

Also at June 30, 2020, SWLCA had an amount due to CSUSA for \$ 66,017 for reimbursement of various expenditures.

The Foundation also has an Education Service Provider (ESP) agreement with McNeese State University ("the University") to assist the Foundation in its management and operation of educational services of LCCP through June 2021. Total ESP fees charged by the University amounted to \$ 118,300 for the year ended June 30, 2020.

Post-retirement benefits: The Schools do not provide post-retirement benefits to retired employees.

Note 13 - Employee Benefit Plans

During the year ended June 30, 2020, SWLCA offered all of its full-time employees, who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by SWLCA's management, SWLCA may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions.

Participants become vested in SWLCA contributions and earnings on SWLCA contributions according to the following schedule:

| <u>Years of Service</u> | <u>Vesting Percentage</u> |
|-------------------------|---------------------------|
| 1 | 25% |
| 2 | 50% |
| 3 | 75% |
| 4 | 100% |

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ended December 31, 2019, SWLCA had forfeitures of \$ 156. For the year ended June 30, 2020, SWLCA contributed a matching amount of \$ 11,964.

During the year ended June 30, 2020, LCCP offered all of its full-time employees a retirement plan (the "Plan") under Internal Revenue Code Section 403(b). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the LCCP's management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions.

Participants become vested in LCCP contributions and earnings on LCCP contributions according to the following schedule:

| <u>Years of Service</u> | <u>Vesting Percentage</u> |
|-------------------------|---------------------------|
| Less than 3 | 0% |
| 3 | 100% |

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the year ended June 30, 2020, LCCP contributed a matching amount of \$ 33,380.

Note 14 - Functional Expenses

The majority of expenses reported in the financial statements can be directly identified with the program or supporting service to which they relate and are charge accordingly. Other expenses by function, including depreciation and amortization, leadership salaries and the technology department, have been allocated among program and supporting services classification based on estimates of time and effort and square footage.

Note 15 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information

| | | |
|--|----|-----------|
| Cash received during the year for - Interest income | \$ | 71,590 |
| Cash paid during the year for - Interest expense | \$ | 1,943,457 |

Note 16 - Risks and Uncertainties

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the Foundation's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

Note 17 - Subsequent Events

Southwest Louisiana Charter Academy and Lake Charles College Prep, governed by Southwest Louisiana Charter Academy Foundation, Inc., were hit by Category 4 Hurricane Laura on August 26 and 27, 2020, causing significant damage to the Schools. Additionally, Hurricane Delta (Category 2) made landfall in the evening of October 9, 2020. Continued power outages and flooding delayed the assessment for the damage to the Schools. Prior to Hurricane Delta, there was limited use of the Schools, as they could not attain their maximum capacity and serve all enrolled students. Due to the total damage to the Schools, satisfying full occupancy of the Schools was prohibited until December 14, 2020. The Schools anticipate timely filing claims with their insurance carriers after compiling all hurricane damage information and documentation.

Note 18 - Prior Period Adjustments

The balances of several items presented on the consolidated balance sheet at June 30, 2019 have been adjusted for the purchase of two parcels of land that occurred in the year then ended and the debt from the associated mortgage agreement. In addition, the land, building, accumulated depreciation, and debt associated with these assets was moved from the Foundation to LCCP. The correction has no effect on the results of the current year's activities; however, the cumulative effect of increases (decreases) to the beginning net assets is as follows:

Southwest Louisiana Charter Academy Foundation, Inc.
Notes to Combined Financial Statements
June 30, 2020

Note 18 - Prior Period Adjustments (continued)

| | Southwest Louisiana Charter Academy | Lake Charles College Prep | Southwest Louisiana Charter Academy Foundation | Total |
|---|--|------------------------------------|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net assets, June 30, 2019 | \$ (3,316,264) | \$ 1,201,367 | \$ 345,014 | \$ (1,769,883) |
| Property and equipment net of accumulated depreciation previously reported in the Foundation | - | 2,552,446 | (2,552,446) | - |
| Debt previously reported in the Foundation | - | (2,202,556) | 2,202,556 | - |
| Unrecorded acquisition of land | - | 2,200,000 | - | 2,200,000 |
| Unrecorded debt from acquisition of land | <u>-</u> | <u>(1,551,550)</u> | <u>-</u> | <u>(1,551,550)</u> |
| Net assets, as rested, June 30, 2019 | <u>\$ (3,316,264)</u> | <u>\$ 2,199,707</u> | <u>\$ (4,876)</u> | <u>\$ (1,121,433)</u> |

COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS



Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Financial Position
June 30, 2020

| | <u>Southwest Louisiana Charter Academy</u> | <u>Lake Charles College Prep</u> | <u>Southwest Louisiana Charter Academy Foundation</u> | <u>Eliminations</u> | <u>Combining Total</u> |
|---|--|--|---|---------------------|----------------------------|
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 949,669 | \$ 3,576,747 | \$ 38,629 | \$ - | \$ 4,565,045 |
| Custodial funds - cash | 26,615 | 18,848 | - | - | 45,463 |
| Grants receivable | 75,568 | 80,699 | - | - | 156,267 |
| Due from related parties | 69,392 | - | 457,178 | (526,570) | - |
| Other receivables | 2,675 | - | - | - | 2,675 |
| Prepaid items | 3,027 | 13,071 | - | - | 16,098 |
| Restricted investments | 57,276 | 13,819,166 | - | - | 13,876,442 |
| Total current assets | <u>1,184,222</u> | <u>17,508,531</u> | <u>495,807</u> | <u>(526,570)</u> | <u>18,661,990</u> |
| Property and Equipment, Less Accumulated Depreciation | <u>10,918,014</u> | <u>11,438,788</u> | <u>-</u> | <u>-</u> | <u>22,356,802</u> |
| Other Assets: | | | | | |
| Restricted investments | 1,594,678 | 1,433,529 | - | - | 3,028,207 |
| Deposits | 8,626 | - | - | - | 8,626 |
| Total other assets | <u>1,603,304</u> | <u>1,433,529</u> | <u>-</u> | <u>-</u> | <u>3,036,833</u> |
| Total assets | <u>\$ 13,705,540</u> | <u>\$ 30,380,848</u> | <u>\$ 495,807</u> | <u>\$ (526,570)</u> | <u>\$ 44,055,625</u> |
| Current Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 109,917 | \$ 1,601,069 | \$ - | \$ - | \$ 1,710,986 |
| Salaries and wages payable | 291,957 | 305,418 | - | - | 597,375 |
| Accrued interest payable | 55,497 | 100,242 | - | - | 155,739 |
| Due to management company | 66,017 | - | - | - | 66,017 |
| Due to related parties | 41,550 | 539,510 | 16,842 | (526,570) | 71,332 |
| Custodial funds | 26,615 | 18,848 | - | - | 45,463 |
| Compensated absences | 35,895 | - | - | - | 35,895 |
| Bonds payable | 240,000 | 105,000 | - | - | 345,000 |
| Refundable advances | 35,848 | - | - | - | 35,848 |
| Total current liabilities | <u>903,296</u> | <u>2,670,087</u> | <u>16,842</u> | <u>(526,570)</u> | <u>3,063,655</u> |
| Noncurrent Liabilities: | | | | | |
| Compensated absences | 11,965 | - | - | - | 11,965 |
| Debt-Paycheck Protection Program | - | - | 488,087 | - | 488,087 |
| Bonds payable, net of unamortized premium, discount and bond issuance costs | 15,864,546 | 23,658,760 | - | - | 39,523,306 |
| Total noncurrent liabilities | <u>15,876,511</u> | <u>23,658,760</u> | <u>488,087</u> | <u>-</u> | <u>40,023,358</u> |
| Total liabilities | <u>16,779,807</u> | <u>26,328,847</u> | <u>504,929</u> | <u>(526,570)</u> | <u>43,087,013</u> |
| Net Assets (Deficit) - Without Donor Restrictions | <u>(3,074,267)</u> | <u>4,052,001</u> | <u>(9,122)</u> | <u>-</u> | <u>968,612</u> |
| Total liabilities and net assets | <u>\$ 13,705,540</u> | <u>\$ 30,380,848</u> | <u>\$ 495,807</u> | <u>\$ (526,570)</u> | <u>\$ 44,055,625</u> |

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Activities Without Donor Restrictions
For the Year Ended June 30, 2020

| | <u>Southwest Louisiana Charter Academy</u> | <u>Lake Charles College Prep</u> | <u>Southwest Louisiana Charter Academy Foundation</u> | <u>Eliminations</u> | <u>Combining Total</u> |
|--|--|--|---|---------------------|----------------------------|
| Support and Revenues: | | | | | |
| Support: | | | | | |
| Contributions | \$ - | \$ - | \$ 4,213 | \$ - | \$ 4,213 |
| Grants: | | | | | |
| Federal | 888,299 | 575,261 | - | - | 1,463,560 |
| State | 89,244 | - | - | - | 89,244 |
| Local | 3,794 | - | - | - | 3,794 |
| Minimum Foundation Program | <u>7,839,540</u> | <u>5,780,524</u> | <u>-</u> | <u>-</u> | <u>13,620,064</u> |
| Total support | <u>8,820,877</u> | <u>6,355,785</u> | <u>4,213</u> | <u>-</u> | <u>15,180,875</u> |
| Revenues: | | | | | |
| Before and aftercare fees | 16,616 | - | - | - | 16,616 |
| Other revenue | 37,850 | 1,040,019 | 6,343 | - | 1,084,212 |
| Net investment income | <u>24,902</u> | <u>43,396</u> | <u>36</u> | <u>-</u> | <u>68,334</u> |
| Total revenues | <u>79,368</u> | <u>1,083,415</u> | <u>6,379</u> | <u>-</u> | <u>1,169,162</u> |
| Total support and revenues | <u>8,900,245</u> | <u>7,439,200</u> | <u>10,592</u> | <u>-</u> | <u>16,350,037</u> |
| Expenses: | | | | | |
| Program services: | | | | | |
| Regular education | 4,950,689 | 3,450,404 | - | - | 8,401,093 |
| Special education | 998,361 | 392,336 | - | - | 1,390,697 |
| Other education | 81,786 | 224,249 | - | - | 306,035 |
| Supporting services: | | | | | |
| Management and general | <u>2,627,412</u> | <u>1,519,917</u> | <u>14,838</u> | <u>-</u> | <u>4,162,167</u> |
| Total expenses | <u>8,658,248</u> | <u>5,586,906</u> | <u>14,838</u> | <u>-</u> | <u>14,259,992</u> |
| Change in net assets | 241,997 | 1,852,294 | (4,246) | - | 2,090,045 |
| Net Assets (Deficit) Without Donor Restrictions, Beginning of Year, as Restated | <u>(3,316,264)</u> | <u>2,199,707</u> | <u>(4,876)</u> | <u>-</u> | <u>(1,121,433)</u> |
| Net Assets (Deficit) Without Donor Restrictions, End of Year | <u>\$ (3,074,267)</u> | <u>\$ 4,052,001</u> | <u>\$ (9,122)</u> | <u>\$ -</u> | <u>\$ 968,612</u> |

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

| | <u>Southwest Louisiana Charter Academy</u> | <u>Lake Charles College Prep</u> | <u>Southwest Louisiana Charter Academy Foundation</u> | <u>Eliminations</u> | <u>Combining Total</u> |
|---|--|--|---|---------------------|----------------------------|
| Cash Flows from Operating Activities: | | | | | |
| Change in net assets | \$ 241,997 | \$ 1,852,294 | \$ (4,246) | \$ - | \$ 2,090,045 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | | | | |
| Provision for depreciation | 393,986 | 203,148 | - | - | 597,134 |
| Provision for amortization of bond costs | 17,298 | 67,411 | - | - | 84,709 |
| Provision for amortization of bond premium and discount | 6,125 | (12,771) | - | - | (6,646) |
| (Increase) Decrease in: | | | | | |
| Grants receivable | 157,556 | (4,457) | - | - | 153,099 |
| Due from related parties | 41,316 | 2,536 | (457,178) | - | (413,326) |
| Other receivables | - | 2,106 | - | - | 2,106 |
| Prepaid items | (3,027) | (13,071) | - | - | (16,098) |
| Increase (Decrease) in: | | | | | |
| Accounts payable and accrued expenses | 18,449 | 1,532,028 | - | - | 1,550,477 |
| Salaries and wages payable | (38,432) | 213,871 | - | - | 175,439 |
| Accrued interest payable | (611) | 100,242 | - | - | 99,631 |
| Due to management company | (570,082) | - | - | - | (570,082) |
| Due to related party | 18,016 | (588,749) | (2,534) | - | (573,267) |
| Custodial funds | (9,219) | (27,903) | - | - | (37,122) |
| Compensated absences | 19,284 | - | - | - | 19,284 |
| Refundable advances and deferred revenue | 35,848 | (9,041) | - | - | 26,807 |
| | <u>328,504</u> | <u>3,317,644</u> | <u>(463,958)</u> | <u>-</u> | <u>3,182,190</u> |
| Net cash provided by (used in) operating activities | | | | | |
| Cash Flows from Investing Activities: | | | | | |
| Sales of investments | 1,615,186 | 5,315,445 | - | - | 6,930,631 |
| Purchases of investments | (1,625,680) | (20,568,140) | - | - | (22,193,820) |
| Payments for purchase of property and equipment | (122,719) | (6,125,389) | - | - | (6,248,108) |
| | <u>(133,213)</u> | <u>(21,378,084)</u> | <u>-</u> | <u>-</u> | <u>(21,511,297)</u> |
| Net cash used in investing activities | | | | | |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from bonds | - | 23,540,000 | - | - | 23,540,000 |
| Original bond premium | - | 983,375 | - | - | 983,375 |
| Proceeds from Debt - Paycheck Protection Program | - | - | 488,087 | - | 488,087 |
| Bond issuance costs and underwriter's discount | - | (814,255) | - | - | (814,255) |
| Payments on bonds and notes payable | (225,000) | (3,754,106) | - | - | (3,979,106) |
| | <u>(225,000)</u> | <u>19,955,014</u> | <u>488,087</u> | <u>-</u> | <u>20,218,101</u> |
| Net cash provided by (used in) financing activities | | | | | |
| | <u>(225,000)</u> | <u>19,955,014</u> | <u>488,087</u> | <u>-</u> | <u>20,218,101</u> |
| Increase (decrease) in cash and cash equivalents | (29,709) | 1,894,574 | 24,129 | - | 1,888,994 |
| Cash and Cash Equivalents, Beginning of Year | <u>1,005,993</u> | <u>1,701,021</u> | <u>14,500</u> | <u>-</u> | <u>2,721,514</u> |
| Cash and cash equivalents, End of Year | <u>\$ 976,284</u> | <u>\$ 3,595,595</u> | <u>\$ 38,629</u> | <u>\$ -</u> | <u>\$ 4,610,508</u> |

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Cash Flows
(Continued)
For the Year Ended June 30, 2020

| | <u>Southwest Louisiana Charter Academy</u> | <u>Lake Charles College Prep</u> | <u>Southwest Louisiana Charter Academy Foundation</u> | <u>Eliminations</u> | <u>Combining Total</u> |
|---------------------------------|--|--|---|---------------------|----------------------------|
| Cash and cash equivalents | \$ 949,669 | \$ 3,576,747 | \$ 38,629 | \$ - | \$ 4,565,045 |
| Custodial funds - cash | <u>26,615</u> | <u>18,848</u> | <u>-</u> | <u>-</u> | <u>45,463</u> |
| Total cash and cash equivalents | <u>\$ 976,284</u> | <u>\$ 3,595,595</u> | <u>\$ 38,629</u> | <u>\$ -</u> | <u>\$ 4,610,508</u> |

SUPPLEMENTAL INFORMATION



Southwest Louisiana Charter Academy Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

| <u>Federal Agency/Federal Program</u> | <u>CFDA Number</u> | <u>Contract/Grant Number</u> | <u>Expenditures</u> | <u>Transfers to Subrecipients</u> |
|---|------------------------|------------------------------|---------------------|---------------------------------------|
| Federal Agency Name: | | | | |
| Indirect Programs: | | | | |
| U.S. Department of Agriculture - | | | | |
| Passed through Louisiana Department of | | | | |
| Agriculture - | | | | |
| National School Lunch Program | 10.555 | - | \$ 448,194 | \$ - |
| School Breakfast Program | 10.553 | - | <u>141,747</u> | <u>-</u> |
| Total U.S. Department of Agriculture and Total Child Nutritional Cluster | | | <u>589,941</u> | <u>-</u> |
| Department of Education - | | | | |
| Passed through Louisiana Department of | | | | |
| Education - | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | - | 491,735 | - |
| Redesign Planning Grant 1003a | 84.010 | - | 90,919 | - |
| | | Total 84.010 | <u>582,654</u> | <u>-</u> |
| Special Education - Grants to States | 84.027 | - | 194,244 | - |
| Supporting Effective Instruction State Grant | 84.367 | - | 36,987 | - |
| English Language Acquisition Grants | 84.365 | - | 6,775 | - |
| Rural Education Achievement Program | 84.358B | - | 6,500 | - |
| Career and Technical Education | 84.048 | - | 41,853 | - |
| Student Support and Academic Enrichment Program | 84.424 | - | <u>4,606</u> | <u>-</u> |
| Total U.S. Department of Education | | | <u>873,619</u> | <u>-</u> |
| Total expenditures of Federal Awards | | | <u>\$ 1,463,560</u> | <u>\$ -</u> |

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the Foundation for the year ending June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2 - Summary of Significant Accounting Policies

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 and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Foundation did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Contingency

The grants and contracts revenue received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Foundation. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable Federal and state and other applicable regulations.

Southwest Louisiana Charter Academy Foundation, Inc.
Schedule of Board of Directors
June 30, 2020

| <u>Board Members</u> | <u>Compensation</u> |
|--|---------------------|
| Judge Ulysses Gene Thibodeaux, President | \$ 0 |
| Ms. Rebecca Boniol, Vice President | \$ 0 |
| Mr. Clyde Mitchell, Secretary and Treasurer | \$ 0 |
| Ms. Phyllis Kittling, Trustee | \$ 0 |
| Dr. Michael Kurth, Trustee | \$ 0 |
| Ms. Nicole Simien, Trustee | \$ 0 |
| Ms. Sylvia Stelly, Trustee | \$ 0 |
| Mr. Charles Honore, Trustee | \$ 0 |
| Mr. Ron Richard, Trustee | \$ 0 |
| Fr. Henry Mancuso, Board Executive Secretary | \$ 0 |

**Southwest Louisiana Charter Academy Foundation, Inc.
 Schedule of Compensation, Benefits and Other Payments to
 Agency Head or Chief Executive Officer
 For the Year Ended June 30, 2020**

Agency Head: Judge Ulysses Gene Thibodeaux, President

| Purpose | Amount |
|--|---------------|
| Salary | \$ 0 |
| Benefits-Insurance | \$ 0 |
| Benefits-Retirement | \$ 0 |
| Car Allowance | \$ 0 |
| Vehicle Provided by Government | \$ 0 |
| Per Diem | \$ 0 |
| Reimbursements | \$ 0 |
| Travel | \$ 0 |
| Registration Fees | \$ 0 |
| Conference Travel | \$ 0 |
| Continuing Professional Education Fees | \$ 0 |
| Housing | \$ 0 |
| Unvouchered Expenses | \$ 0 |
| Special Meals | \$ 0 |

Note: Agency Head is a voluntary member who receives no compensation for his services to the Southwest Louisiana Charter Academy Foundation, Inc.

INTERNAL CONTROLS AND COMPLIANCE

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*

To the Board of Trustees
Southwest Louisiana Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Southwest Louisiana Charter Academy Foundation, Inc. (a not-for-profit organization) (the "Foundation") which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's combined 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.

CPA's + Trusted Advisors

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation’s combined 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 Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Southwest Louisiana Charter Academy Foundation, Inc.
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Southwest Louisiana Charter Academy Foundation, Inc.'s (a not-for-profit organization) (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major Federal programs for the year ended June 30, 2020. The Foundation's major federal 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

CPA's + Trusted Advisors

Opinion on Each Major Federal Program

In our opinion, the Foundation 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 Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Foundation's internal control over compliance.

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

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

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 2020

Southwest Louisiana Charter Academy Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

A. Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of Southwest Louisiana Charter Academy Foundation, Inc.
2. No material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Southwest Louisiana Charter Academy Foundation, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major Federal award programs for Southwest Louisiana Charter Academy Foundation, Inc. expresses an unmodified opinion on all major Federal programs.
6. There are no audit findings relative to the major Federal program for Southwest Louisiana Charter Academy Foundation, Inc. reported in Part C of this schedule.
7. The program tested as a major program is as follows:

| <u>Federal Program</u> | <u>CFDA No.</u> |
|--|-----------------|
| U.S. Department of Education - Title I Grants to Local Educational Agencies | 84.010 |
| Redesign Planning Grant 1003a | 84.010 |

8. The threshold for distinguishing Types A and B programs was \$ 750,000.
9. Southwest Louisiana Charter Academy Foundation, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

No matters were reported.

C. Findings and Questioned Costs - Major Federal Awards Programs

No matters were reported.

D. Other Issues

1. No management letter is required because there were no findings required to be reported in a separate management letter.
2. There were no prior audit findings related to Federal programs.
3. No corrective action plan is required because there were no findings reported under the Uniform Guidance.

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

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees
Southwest Louisiana Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Southwest Louisiana Charter Academy Foundation, Inc.; the Louisiana Department of Education and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statement of Southwest Louisiana Charter Academy Foundation, Inc. for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. Management of Southwest Louisiana Charter Academy Foundation, Inc. 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.

Our procedures and associated findings are as follows:

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

1. We selected a random 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

No exceptions noted.

Class Size Characteristics (Schedule 2)

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

No exceptions noted.

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.

No exceptions noted.

Public School Staff Data: Average Salaries (No Schedule)

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

No exceptions noted.

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

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 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 (Formerly Schedule 6) 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.

Southwest Louisiana Charter Academy Foundation, Inc.
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020

Schedule 1

General Fund Instructional and Equipment Expenditures:

General Fund instructional expenditures:

Teacher and student interaction activities:

| | | |
|---|--------------|--|
| Classroom teacher salaries | \$ 3,903,218 | |
| Other instructional staff activities | 292,340 | |
| Instructional staff employee benefits | 784,581 | |
| Purchased professional and technical services | 109,021 | |
| Instructional materials and supplies | 162,577 | |
| Instructional equipment | <u>7,453</u> | |

| | | |
|--|--|--------------|
| Total teacher and student interaction activities | | \$ 5,259,190 |
|--|--|--------------|

| | | |
|--------------------------------|---------|---------|
| Other instructional activities | 182,764 | 182,764 |
|--------------------------------|---------|---------|

| | | |
|--|----------|--|
| Pupil support activities | 607,835 | |
| Less: equipment for pupil support activities | <u>-</u> | |

| | | |
|------------------------------|--|---------|
| Net pupil support activities | | 607,835 |
|------------------------------|--|---------|

| | | |
|--|----------|--|
| Instructional staff services | 813,586 | |
| Less: equipment for instructional staff services | <u>-</u> | |

| | | |
|----------------------------------|--|---------|
| Net instructional staff services | | 813,586 |
|----------------------------------|--|---------|

| | | |
|---|----------|--|
| School administration | 822,874 | |
| Less: equipment for school administration | <u>-</u> | |

| | | |
|---------------------------|--|----------------|
| Net school administration | | <u>822,874</u> |
|---------------------------|--|----------------|

| | | |
|---|--|----------------------------|
| Total General Fund instructional expenditures | | \$ <u><u>7,686,249</u></u> |
|---|--|----------------------------|

| | | |
|---|--|------------------------|
| Total General Fund equipment expenditures | | \$ <u><u>7,453</u></u> |
|---|--|------------------------|

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

Southwest Louisiana Charter Academy Foundation, Inc.
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
(continued)
For the Year Ended June 30, 2020

Schedule 1

Certain Local Revenue Sources:

Local taxation revenue:

| | | |
|--|----|-------------|
| Constitutional ad valorem taxes | \$ | - |
| Renewable ad valorem tax | | - |
| Debt services ad valorem tax | | - |
| Up to 1% of collections by the sheriff on taxes other than school taxes | | - |
| Sales and use taxes | | - |
| | | <hr/> |
| Total local taxation revenue | \$ | - |
| | | <hr/> <hr/> |

Local earnings on investment in real property:

| | | |
|---|----|-------------|
| Earnings from 16th Section property | | - |
| Earnings from other real property | | - |
| | | <hr/> |
| Total local earnings on investment in real property | \$ | - |
| | | <hr/> <hr/> |

State revenue in lieu of taxes:

| | | |
|--------------------------------------|----|-------------|
| Revenue sharing - constitutional tax | \$ | - |
| Revenue sharing - other taxes | | - |
| Revenue sharing - excess portion | | - |
| Other revenue in lieu of taxes | | - |
| | | <hr/> |
| Total state revenue in lieu of taxes | \$ | - |
| | | <hr/> <hr/> |

| | | |
|----------------------------|----|-------|
| Nonpublic textbook revenue | \$ | - |
| | | <hr/> |

| | | |
|----------------------------------|----|-------------|
| Nonpublic transportation revenue | \$ | - |
| | | <hr/> <hr/> |

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

Southwest Louisiana Charter Academy Foundation, Inc.
Class Size Characteristics
As of October 1, 2019

Schedule 2

| | Class Size Range | | | | | | | |
|-------------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1-20 | | 21-26 | | 27-33 | | 34+ | |
| | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| School Type: | | | | | | | | |
| Elementary | 5% | 24 | 10% | 52 | - | - | - | - |
| Elementary/activity classes | 6% | 25 | 10% | 47 | 1% | 4 | - | - |
| Middle/Junior High | 4% | 17 | 9% | 40 | - | - | - | - |
| Middle/Junior High activity classes | 7% | 33 | 1% | 4 | 1% | 2 | - | - |
| High | 19% | 87 | 16% | 72 | 7% | 30 | 1% | 5 |
| High activity classes | 2% | 10 | 1% | 2 | - | - | - | - |
| Combination | - | - | - | - | - | - | - | - |
| Combination activity classes | - | - | - | - | - | - | - | - |

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