

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Financial Statements
As of and for the Years Ended June 30, 2022 and 2021

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

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As of and For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **D'Arbonne Woods Charter School** (a nonprofit organization, the School) which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of D'Arbonne Woods Charter School as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, 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

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 14, 2022

FINANCIAL STATEMENTS

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statements of Financial Position

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash	\$ 3,972,753	\$ 213,673	\$ 4,186,426
Investments	219,210	-	219,210
Accounts receivable	350	-	350
Grants receivable	1,292,416	-	1,292,416
Total current assets	<u>5,484,725</u>	<u>213,673</u>	<u>5,698,398</u>
Property and equipment, net	22,307,996	-	22,307,996
Noncurrent assets			
Funds held by fiscal agent	2,794,555	-	2,794,555
Other assets	10,783	-	10,783
Total noncurrent assets	<u>2,805,338</u>	<u>-</u>	<u>2,805,338</u>
Total assets	<u>\$ 30,598,059</u>	<u>\$ 213,673</u>	<u>\$ 30,811,732</u>
Liabilities and net assets			
Current liabilities			
Accounts and retainage payable	\$ 140,704	\$ -	\$ 140,704
School activity funds payable	-	6,636	6,636
Payroll liabilities	357,317	-	357,317
Compensated absences	7,333	-	7,333
Deferred revenues	14,608	-	14,608
Long-term debt, current portion	290,741	-	290,741
Total current liabilities	<u>810,698</u>	<u>6,636</u>	<u>817,334</u>
Noncurrent liabilities			
Long-term debt	21,199,272	-	21,199,272
Less unamortized bond issuance cost	(243,558)	-	(243,558)
Total noncurrent liabilities	<u>20,955,714</u>	<u>-</u>	<u>20,955,714</u>
Total liabilities	21,766,412	6,636	21,773,048
Net assets	<u>8,831,647</u>	<u>207,037</u>	<u>9,038,684</u>
Total net assets	<u>8,831,647</u>	<u>207,037</u>	<u>9,038,684</u>
Total liabilities and net assets	<u>\$ 30,598,059</u>	<u>\$ 213,673</u>	<u>\$ 30,811,732</u>

(Continued)

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statements of Financial Position

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash	\$ 2,894,764	\$ 151,171	\$ 3,045,935
Investments	217,296	-	217,296
Accounts receivable	8,400	-	8,400
Grants receivable	900,473	-	900,473
Total current assets	<u>4,020,932</u>	<u>151,171</u>	<u>4,172,103</u>
Property and equipment, net	22,823,924	-	22,823,924
Noncurrent assets			
Funds held by fiscal agent	2,520,130	-	2,520,130
Other assets	-	-	-
Total noncurrent assets	<u>2,520,130</u>	<u>-</u>	<u>2,520,130</u>
Total assets	<u>\$ 29,364,986</u>	<u>\$ 151,171</u>	<u>\$ 29,516,157</u>
Liabilities and net assets			
Current liabilities			
Accounts and retainage payable	\$ 172,056	\$ -	\$ 172,056
School activity funds payable	-	6,911	6,911
Payroll liabilities	327,904	-	327,904
Compensated absences	298,521	-	298,521
Deferred revenues	-	-	-
Long-term debt, current portion	282,511	-	282,511
Total current liabilities	<u>1,080,992</u>	<u>6,911</u>	<u>1,087,903</u>
Noncurrent liabilities			
Long-term debt	21,490,013	-	21,490,013
Less unamortized bond issuance cost	(256,739)	-	(256,739)
Total noncurrent liabilities	<u>21,233,274</u>	<u>-</u>	<u>21,233,274</u>
Total liabilities	22,314,266	6,911	22,321,177
Net assets	<u>7,050,720</u>	<u>144,260</u>	<u>7,194,980</u>
Total net assets	<u>7,050,720</u>	<u>144,260</u>	<u>7,194,980</u>
Total liabilities and net assets	<u>\$ 29,364,986</u>	<u>\$ 151,171</u>	<u>\$ 29,516,157</u>

(Concluded)

The accompanying notes are an integral part of these statements.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana
Statements of Activities

For the Years Ended

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
State public school funding	\$ 11,253,738	\$ -	\$ 11,253,738
Federal sources	2,059,885	-	2,059,885
State sources	33,656	-	33,656
Donations	857	5,936	6,793
Fundraisers	-	155,725	155,725
Meal income	4,412	-	4,412
Dues and fees	-	35,490	35,490
Other income	20,924	202,713	223,637
Interest income	46,891	-	46,891
Total	13,420,374	399,872	13,820,246
Net assets released from restrictions	337,095	(337,095)	-
Total support and revenue	13,757,469	62,777	13,820,246
Expenses and losses			
Program Services	10,746,212	-	10,746,212
Support Services			
Management and general	1,166,906	-	1,166,906
Fundraising expenses	63,424	-	63,424
Total Support Services	1,230,330	-	1,230,330
Loss / (Gain) on Disposal	-	-	-
Total expenses and losses	11,976,542	-	11,976,542
Increase in net assets	1,780,927	62,777	1,843,704
Net assets at beginning of year	7,050,720	144,260	7,194,980
Net assets at end of year	\$ 8,831,647	\$ 207,037	\$ 9,038,684

(Continued)

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statements of Activities**For the Years Ended**

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
State public school funding	\$ 10,180,519	\$ -	\$ 10,180,519
Federal sources	1,511,326	-	1,511,326
State sources	28,627	-	28,627
Donations	2,197	7,575	9,772
Fundraisers	-	81,838	81,838
Meal income	11,272	-	11,272
Dues and fees	-	15,967	15,967
Other income	31,518	154,677	186,195
Interest income	50,391	-	50,391
Total	<u>11,815,848</u>	<u>260,057</u>	<u>12,075,905</u>
Net assets released from restrictions	<u>271,568</u>	<u>(271,568)</u>	<u>-</u>
Total support and revenue	12,087,416	(11,511)	12,075,905
Expenses and losses			
Program Services	<u>9,957,837</u>	<u>-</u>	<u>9,957,837</u>
Support Services			
Management and general	1,109,998	-	1,109,998
Fundraising expenses	29,735	-	29,735
Total Support Services	<u>1,139,733</u>	<u>-</u>	<u>1,139,733</u>
Loss / (Gain) on Disposal	5,215	-	5,215
Total expenses and losses	<u>11,102,785</u>	<u>-</u>	<u>11,102,785</u>
Increase in net assets	984,631	(11,511)	973,120
Net assets at beginning of year	<u>6,066,089</u>	<u>155,771</u>	<u>6,221,860</u>
Net assets at end of year	<u>\$ 7,050,720</u>	<u>\$ 144,260</u>	<u>\$ 7,194,980</u>

(Concluded)

The accompanying notes are an integral part of these statements.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statements of Cash Flows

	For the Year Ended June 30,	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Program service payments received	\$ 11,261,788	\$ 10,173,055
Contributions and grants received	1,722,999	968,841
Receipts from special events	155,725	81,838
Other cash receipts	310,449	208,219
Payments for salaries, benefits and payroll taxes	(7,203,451)	(6,278,295)
Payments to vendors	(4,366,103)	(4,269,693)
Net cash provided (used) by operating activities	<u>1,881,405</u>	<u>883,965</u>
Cash flows from capital and related financing activities		
Purchase of construction in progress and equipment	(182,064)	(182,583)
Payment on notes payable	(282,511)	(262,687)
Net cash provided (used) by capital and related financing activities	<u>(464,575)</u>	<u>(445,270)</u>
Cash flows from investing activities		
Cash deposited with fiscal agent	(274,425)	(219,951)
Purchases of investments	(1,914)	(3,075)
Proceeds from the sale of assets	-	13,180
Net cash provided (used) by investing activities	<u>(276,339)</u>	<u>(209,846)</u>
Net increase (decrease) in cash	1,140,491	228,849
Cash at beginning of year	<u>3,045,935</u>	<u>2,817,086</u>
Cash at end of year	<u>\$ 4,186,426</u>	<u>\$ 3,045,935</u>
Shown on accompanying Statements of Financial Position as Cash	<u>\$ 4,186,426</u>	<u>\$ 3,045,935</u>
Supplemental disclosure of cash flow information		
Cash paid for interest expense	<u>\$ 526,649</u>	<u>\$ 534,646</u>

The accompanying notes are an integral part of these statements.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

INTRODUCTION

The D'Arbonne Woods Charter School, Inc. (the School) was granted a Type 2 charter by the Louisiana Board of Elementary or Secondary Education (BESE) to provide educational services in Union Parish to students beginning with the 2009-2010 school year. The curriculum is designed to meet the unique needs of rural, at-risk students. The School serves eligible students in kindergarten through twelfth grade. At its March 9, 2012 meeting, the Louisiana State Board of Elementary and Secondary Education approved a material amendment to the School's charter allowing an increase in total enrollment and to add grades nine through twelve beginning with grade nine in the fall of 2012, subject to certain conditions set by the State Superintendent of Education. The School's Charter was renewed during the 2013 – 2014 fiscal year for a 10-year period. The School is governed by a seven-member board of directors.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING

The School follows the guidance of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and has adopted the provisions of FASB's Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* which modifies the presentation of net assets on the basic financial statements. In accordance with FASB ASU 2016-14, net assets are presented in two classes – net assets without donor restrictions and net assets with donor restrictions. Presentation in a particular net asset class is based on the existence or absence of donor-imposed restrictions on the use of net assets. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of the Association or by the passage of time.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and board of directors.

B. 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 School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

C. CONTRIBUTIONS

In accordance with ASC 958-605, *Not For Profit Entities-Revenue Recognition*, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net assets class. When a qualifying expenditure occurs, or a time restriction expires, assets with donor restrictions are recognized in net assets without donor restrictions as “net assets released from restrictions” in the statement of activities. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions. In the event non-cash items are contributed to the School, they are reported as revenue of the net assets without donor restrictions class unless explicit donor stipulations specify how the contributions must be used.

D. REVENUES

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. Adjustments are normally made in the following year on February 1st. State and Federal grants are generally on a cost reimbursement basis whereby revenues are recognized when related eligible expenses are incurred.

E. PROPERTY AND EQUIPMENT

The School has adopted the practice of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$5,000 and the useful life exceeds one year. Property and equipment are recorded at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

The following are the estimated useful lives of the property and equipment of the School:

<u>Asset</u>	<u>Useful Life (in years)</u>
Buildings	40
Building Improvements	10-25
Land Improvements	30
Portable School Buildings	5
Furniture and Equipment	5-10
Computer Equipment	3
Buses	5-10
Software	5

F. COMPENSATED ABSENCES

The School grants all employees of the School a total of ten days of paid sick leave per year. Sick leave may be accumulated from year to year with no limit. Upon retirement or death, the School will pay to the employee or his/her estate for any unused sick leave not to exceed 25 days. Unused sick leave may be applied to years of service at retirement. Unused sick leaves are not paid upon termination or resignation. Compensated absences for sick leaves have not been accrued since they cannot be reasonably estimated. The School's policy is to recognize these costs when actually paid.

All full-time personnel employed on a twelve-month fiscal year basis are entitled to annual leave of ten to fifteen days per year, based upon years of consecutive service. Unused leave may be accumulated at a rate of five days per year with a maximum of twenty days. Upon retirement, death, termination, or resignation, the School will pay to the employee or his or her estate for all unused annual leave.

G. INCOME TAXES

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. Also, the School is subject to income tax examinations by the Internal Revenue Service and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The School is no longer subject to examination by tax authorities for years ended before June 30, 2019.

H. INVESTMENTS AND INVESTMENTS HELD WITH FISCAL AGENT

The School's investments consist of certificates of deposit with maturities greater than three months. The certificates are reported at cost which approximates fair market value. Investments held with fiscal agent are composed of United States Treasury Strips,

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Years Ended June 30, 2022 and 2021

Treasury Bills, and Treasury Securities – State and Local Government Series (SLGS) and are carried at fair value.

I. STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

J. USE OF ESTIMATES

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

K. CONCENTRATIONS

The School received 81% and 84% of its revenues in the years ended June 30, 2022 and 2021, respectively, from the State of Louisiana's Minimum Foundation Program, in accordance with its charter school contract with the State.

L. RECLASSIFICATIONS

Minor reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.

M. NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. This standard is effective for the fiscal year beginning after December 15, 2021. The School will adopt these ASUs, as applicable, in its June 30, 2023 financial statements. The effect of this standard or its applicability to the School are unknown at this time.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

Note 2 – CASH

The School's cash (bank balance) at June 30, 2022, was \$4,594,764 of which \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$4,344,764 was unsecured. The School has not experienced any losses due to unsecured cash balances and management does not believe the School is exposed to significant risk.

Note 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, without donor restrictions limiting their use, within one year of the financial position date June 30, 2022 and June 30, 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 3,972,753	\$ 2,894,764
Grants Receivable	1,292,416	900,473
Accounts Receivable	350	8,400
Total	<u>\$ 5,265,519</u>	<u>\$ 3,803,637</u>

In addition to those resources, an additional \$213,673 and \$151,171 donor restricted cash was available for school activities for the year ended June 30, 2022 and 2021 respectively. The School has no policy to invest cash in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Note 4 – INVESTMENTS

The School's investments consist of Certificates of Deposit (CDs) and U. S. Treasury securities. The CDs were completely secured by FDIC. The School's investments at June 30, 2022, are valued at quoted market prices and other relevant information generated by market transactions held by the School at that date and are considered to be level 1 in the fair value hierarchy. The School's investments at June 30, 2022 and June 30, 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Certificates of deposit	\$ 219,210	\$ 217,296
Funds held by fiscal agent		
U.S. Treasury Strip Interest Payment Tint	155,696	166,179
Treasury securities - State and Local		
Government Series - (SLGS)	2,638,859	2,353,951
Total funds held by fiscal agent	<u>2,794,555</u>	<u>2,520,130</u>
Total investments	<u>\$ 3,013,765</u>	<u>\$ 2,737,426</u>

Investments held with fiscal agent who does not have discretionary use of the funds are composed of United States Treasury Strips, Treasury Bills, and Treasury Securities – State and Local Government Series (SLGS) which makes up the School's irrevocable trust reserved for

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

future payment of the bond (the sinking fund; See Note 10) and are carried at fair value. ASC Section 820 establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the School has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There is no movement in Level 3 year to year.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements within the fair value hierarchy.

For the years ended June 30, 2022 and 2021, the School's investments (including gains and losses on investments bought, sold, and held during the year) changed in value as follows:

	<u>2022</u>	<u>2021</u>
Interest income from CDs	\$ 1,914	\$ 4,591
Interest income from Argent	53,604	50,292
Change in market value	<u>(10,483)</u>	<u>(4,492)</u>
	<u>\$ 45,035</u>	<u>\$ 50,391</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Years Ended June 30, 2022 and 2021

Note 5 – GRANTS RECEIVABLES

Grants receivable are as follows for the years ended June 30, 2022 and 2021:

<u>Grants</u>	<u>2022</u>	<u>2021</u>
Title I	\$ 176,104	\$ 180,688
Title II	9,686	990
Title V	59,663	-
IDEA	132,807	46,773
Direct Student Service	-	6,036
IDEA Preschool	-	691
Education Stabilization Fund	863,123	551,239
Carl Perkins	51,023	107,592
Others	10	6,464
Total	<u>\$ 1,292,416</u>	<u>\$ 900,473</u>

The School expects to collect substantially all outstanding balances and, therefore, does not include an estimate for allowance for doubtful accounts.

Note 6 – SCHOOL ACTIVITY FUNDS

School Activity Funds are monies collected through dues, fundraisers, admissions or other money generating activity by an organizational unit within the School. It also includes donations from outside sources when such donation is made for a specific or restricted purpose. The School considers all School Activity Funds to be donor restricted.

Note 7 – DONOR RESTRICTED NET ASSETS

Donor restricted net assets represent the school activities funds and any donations made for a specific or restricted purpose. As of June 30, 2022 and 2021, the entirety of the School's donor restricted net assets related to school activity funds.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Years Ended June 30, 2022 and 2021

Note 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30, 2022	June 30, 2021
Nondepreciable assets		
Construction in progress	\$ 1,224,937	\$ 2,976,187
Land	473,787	473,787
Total nondepreciable assets	1,698,724	3,449,974
Depreciable assets		
Buildings	20,750,976	20,685,275
Building improvements	450,611	422,045
Land and site improvements	2,406,639	605,789
Equipment	754,467	716,270
Vehicles	237,573	237,573
Total depreciable assets	24,600,266	22,666,952
Less: Accumulated depreciation	(3,990,994)	(3,293,002)
Total depreciable assets, net	20,609,272	19,373,950
Total property and equipment, net	\$ 22,307,996	\$ 22,823,924

Depreciation expense totaled \$697,992 and \$699,735 for the years ended June 30, 2022 and 2021, respectively.

All assets acquired with Louisiana Department of Education funds are owned by the School while used for the purpose for which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. In addition, the United States Department of Agriculture – Rural Development (USDA) has a reversionary interest in the School, which was built from USDA funding, until the debt is paid. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Note 9 – RETIREMENT PLAN

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

Plan Description: TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit, or five years of service credit if the employee reaches age sixty, are required to become vested for retirement benefits, and five years to become vested

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

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

Funding Policy: Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The rates were 25.2% and 25.8%, respectively, of annual eligible covered payroll for the years ended June 30, 2022 and 2021. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan were \$1,262,592 and \$1,190,963 for the years ended June 30, 2022 and 2021 respectively, which is equal to the required contribution.

Note 10 – BONDS PAYABLE AND LONG-TERM DEBT

The School issued a \$5.1 million Qualified School Construction Bond (QSCB) dated December 21, 2010 bearing interest at 1.0% for the purpose of constructing a school facility. Interest is payable quarterly with the full principal amount due at maturity on December 15, 2029. In addition, the School is making quarterly deposits into an irrevocable trust reserved for future payment of the bond (the sinking fund). These funds are shown as funds held by fiscal agent on the Statements of Financial Position and had a balance of \$2,794,555 and \$2,520,130 at June 30, 2022 and 2021, respectively.

The approximate required balance in the sinking fund, as prescribed by the QSCB bond indenture document, to be funded in contributions, net of interest, is as follows for the next five years:

<u>Fiscal Year</u>	<u>Balance</u>
2023	\$ 3,077,902
2024	\$ 3,368,078
2025	\$ 3,665,576
2026	\$ 3,970,581
2027	\$ 4,283,283

During the year ended June 30, 2014, the School obtained interim financing with a local financial institution in anticipation of obtaining permanent financing from the United States Department of Agriculture – Rural Development (USDA) for the purpose of building a new school campus. The balance of the loan was repaid in June 2016 with proceeds from the issuance of a permanent loan from the USDA. The total amount of available USDA funding is \$18,000,000. The USDA loan is for the term of 40 years with payments beginning on July 13, 2016. The loan carries an interest rate of 2.875%.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

Future minimum payments on the USDA and QSCB loan are as follows:

	USDA	QSCB	Total
2023	\$ 290,741	\$ -	\$ 290,741
2024	299,224	-	299,224
2025	307,928	-	307,928
2026	316,899	-	316,899
2027	326,131	-	326,131
Thereafter	14,849,090	5,100,000	19,949,090
	\$ 16,390,013	\$ 5,100,000	\$ 21,490,013

Changes in long-term debt were as follows for the year ended June 30, 2022 and 2021:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
USDA	\$ 16,672,524	\$ -	\$ 282,511	\$ 16,390,013	\$ 290,741
QSCB	5,100,000	-	-	5,100,000	-
Total	\$ 21,772,524	\$ -	\$ 282,511	\$ 21,490,013	\$ 290,741

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
USDA	\$ 16,948,391	\$ -	\$ 275,867	\$ 16,672,524	\$ 282,511
QSCB	5,100,000	-	-	5,100,000	-
Total	\$ 22,048,391	\$ -	\$ 275,867	\$ 21,772,524	\$ 282,511

The School incurred \$526,649 and \$534,646 in interest expense for the years ended June 30, 2022 and 2021, respectively.

Note 11 – LEASES

The School leases a building, an athletic facility, and certain equipment under the terms of various operating leases. The School recognized rental expenses of \$296,552 and \$109,907, respectively, for the years ended June 30, 2022 and 2021.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

Note 12 – ALLOCATION OF EXPENSES

The School's expenses were allocated between Program Services, Management and General, and Fundraising as follows for the year ended June 30, 2022:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 4,557,030	\$ 235,629	\$ -	\$ 4,792,659
Employee benefits	1,967,464	104,488	-	2,071,952
Payroll taxes	73,126	3,939	-	77,065
Advertising and promotion	-	1,828	-	1,828
Amortization	-	13,181	-	13,181
Auditing	-	60,090	-	60,090
Books and periodicals	76,935	-	-	76,935
Depreciation	610,045	87,947	-	697,992
Dues and subscriptions	77,892	2,005	-	79,897
Food services	337,060	-	-	337,060
Information technology	503,657	36,124	-	539,781
Insurance	70,798	56,555	-	127,353
Interest	-	526,649	-	526,649
Legal	-	15,213	-	15,213
Materials and supplies	367,065	210	63,424	430,699
Miscellaneous	115,316	-	-	115,316
Occupancy (Maintenance)	539,018	-	-	539,018
Office expenses	55,356	12,195	-	67,551
Professional fees	227,128	3,296	-	230,424
Rentals and leases	293,497	3,055	-	296,552
Utilities	183,805	-	-	183,805
Student transportation	646,858	-	-	646,858
Training	63	-	-	63
Travel	44,099	4,502	-	48,601
Total	<u>\$ 10,746,212</u>	<u>\$ 1,166,906</u>	<u>\$ 63,424</u>	<u>\$ 11,976,542</u>

Depreciation expense was allocated between program services and management and general based upon the ratio of program services (90%) and management and general (10%) of total expense.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

The School's expenses were allocated between Program Services, Management and General, and Fundraising as follows for the year ended June 30, 2021:

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 4,516,113	\$ 243,817	\$ -	\$ 4,759,930
Employee benefits	1,800,287	95,947	-	1,896,234
Payroll taxes	72,530	4,051	-	76,581
Advertising and promotion	191	1,232	-	1,423
Amortization	-	13,181	-	13,181
Auditing	-	63,377	-	63,377
Books and periodicals	66,839	-	-	66,839
Depreciation	657,791	41,944	-	699,735
Dues and subscriptions	76,063	200	-	76,263
Food services	212,364	-	-	212,364
Information technology	329,608	27,992	-	357,600
Insurance	64,110	50,227	-	114,337
Interest	-	534,646	-	534,646
Legal	-	17,807	-	17,807
Materials and supplies	381,609	516	29,735	411,860
Miscellaneous	185,431	-	-	185,431
Occupancy (Maintenance)	440,078	-	-	440,078
Office expenses	45,617	10,279	-	55,896
Professional fees	234,287	868	-	235,155
Rentals and leases	106,865	3,042	-	109,907
Utilities	166,503	-	-	166,503
Student transportation	582,923	-	-	582,923
Travel	18,628	872	-	19,500
Total	<u>\$ 9,957,837</u>	<u>\$ 1,109,998</u>	<u>\$ 29,735</u>	<u>\$ 11,097,570</u>

Depreciation expense was allocated between program services and management and general based upon the ratio of program services (94%) and management and general (6%) of total expenses.

Note 13 – UNCERTAIN INCOME TAXES

The School has adopted the provisions of FASB ASC 740 Accounting for Uncertainty in Income Taxes. The implementation of this topic had no impact on the statement of financial position or statement of activities.

Note 14 – CHANGE IN ACCOUNTING ESTIMATES

During fiscal year 2022, the School changed its method for estimating the compensated absence liability. In previous years, both sick and annual leave accruals were included in the compensated absence liability estimate. However, sick leave is only paid upon the retirement

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 and 2021

of the employees and the liabilities related to these cannot be reasonably estimated. Hence, management believes that only accruing vacation leave is a better representation of the School's compensated absence liability. In connection with the School's compensated absence policy, the School assumed estimated liabilities of \$298,431 for the year ending June 30, 2021. This amount consists of \$283,605 in sick leave accrual, and \$14,826 in annual leave accrual. The effect of this change in estimate will result in an increase in net income by \$283,605 for fiscal year 2022.

Note 15 – SUBSEQUENT EVENTS

In January 2022, the School's board of directors approved the purchase of 11 school buses for fiscal year 2023, which will be used for student transportation. These buses were purchased in August 2022 for approximately \$1.7 million. For fiscal year 2022 and earlier, the School contracted with Union Parish School Board for student transportation. The effect of this purchase will cause an increase in total assets by approximately \$1.7 million and decline in total expense by approximately \$647,000 for fiscal year 2023. Also, on the general election held on November 8, 2022, the renewal of the Union Parish property tax failed to pass. This will cause the School to lose approximately \$750,000 in MFP revenue starting fiscal year 2025. Management has evaluated subsequent events through December 14, 2022, the date the financial statements were available to be issued.

OTHER INFORMATION

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

**Schedule of Compensation, Benefits, and
Other Payments to the Executive Director**
For the Year Ended June 30, 2022

Executive Director: Heath Murry

Purpose	Amount
Salary	\$ 112,500
Benefits - Retirement	28,350
Benefits - Insurance	8,055
Benefits - Medicare	1,557
Reimbursements	51
Travel - Conferences	1,679

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE**



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

**Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana**

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

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be material weakness.

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-002.

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 14, 2022



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

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **D'Arbonne Woods Charter School, Inc.'s** (the School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. 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.

In our opinion, D'Arbonne Woods Charter 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

**Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana**

requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreement applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Woodard + Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 14, 2022

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title/Cluster Title	Assistance Listing No.	Pass-Through Grantor ID No.	2022 Expenditures	Passed- Through to Subrecipients
Cash and Noncash Federal Awards				
United States Department of Agriculture				
<i>Passed through Louisiana Department of Education</i>				
Child Nutrition Cluster				
School Breakfast Program	10.553A	N/A	116,650	-
National School Lunch Program	10.555A	N/A	337,319	-
Total Child Nutrition Cluster			<u>453,969</u>	<u>-</u>
Food Distribution Cluster				
Non Cash Assistance (Commodities)				
Commodity Supplemental Food Program	10.565	N/A	\$ 11,930	\$ -
Total Food Distribution Cluster			<u>11,930</u>	<u>-</u>
Total United States Department of Agriculture			<u>465,899</u>	<u>-</u>
United States Department of Education				
<i>Passed through Louisiana Department of Education</i>				
Title I Grants to Local Educational Agencies				
Title I Part A Basic	84.010A	28-22-T1-m1	362,961	-
Title I Direct Student Services	84.010A	28-22-DSS-m1	8,830	-
Total Title I Grants to Local Educational Agencies			<u>371,791</u>	<u>-</u>
Special Education Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027A	28-22-B1-m1	228,675	-
Special Education - Preschool Grants (IDEA Preschool)	84.173A	28-22-P1-m1	1,525	-
Total Special Education Cluster			<u>230,200</u>	<u>-</u>
Career and Technical Education - Basic Grants to States				
Carl D. Perkins Career & Technical Education			6,689	-
Passed Through to Other Schools				44,334
Total Career and Technical Education- Basic Grants to States			<u>6,689</u>	<u>44,334</u>
Rural Education- Title V, Part B RLIS	84.358B	28-22-RLIS-m1	59,663	-
Supporting Effective Instruction State Grants	84.367A	28-21-50-m1	18,186	-
COVID-19 Education Stabilization Fund				
COVID-19 Education Stabilization Fund- ESSERF - Incentive	84.425D	28-20-ESRI-m1	25,809	-
COVID-19 Education Stabilization Fund- ESSERF - Formula	84.425D	28-20-ESRF-m1	60,106	-
COVID-19 Education Stabilization Fund- ESSERF - Formula II	84.425D	28-21-ES2F-m1	582,121	-
COVID-19 Education Stabilization Fund-ESSER III EB Intervention	84.425U	28-21-ESEB-m1	167,824	-
COVID-19 Education Stabilization Fund- ESSER- Formula III	84.425U	28-21-ES3F-m1	22,678	-
Total COVID-19 Education Stabilization Fund			<u>858,538</u>	<u>-</u>
Total United States Department of Education			<u>1,545,067</u>	<u>44,334</u>
Total Cash and Noncash Federal Awards			<u>2,010,966</u>	<u>44,334</u>
United States Department of Agriculture				
Community Facilities Loans and Grants	10.780	Balance 7/1/2021	16,672,524	-
Total United States Department of Agriculture			<u>16,672,524</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 18,683,490</u>	<u>\$ 44,334</u>

See Notes to Schedule of Expenditures of Federal Awards

D'ARBONNE WOODS CHARTER SCHOOL

Farmerville, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2022

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of D'Arbonne Woods Charter School, Inc. (the School) for the year ended June 30, 2022 and is presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenses when they are incurred.

Note 2 - Reconciliation of Expenditure of U.S. Department of Agriculture Funds

The *OMB Compliance Supplement* requires the balance at July 1, 2021 of the USDA Community Facilities Loans and Grants program be given as expenditures on the Schedule of Expenditures of Federal Awards while the Statements of Financial Positions at June 30, 2022 shows the year-end balance:

	Schedule of Expenditures of Federal Awards Balance July 1, 2021	Additions	Retirements	Statement of Financial Position Balance June 30, 2022
USDA	<u>\$16,672,524</u>	<u>\$ -</u>	<u>\$(282,511)</u>	<u>\$16,390,013</u>

Note 3 - Indirect Cost Rate

The School did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2022.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weaknesses? Yes None Noted

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weakness(es)? Yes None Noted

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Major Programs:

Assistance Listing Numbers	Program Titles
10.780	Community Facilities Loans and Grants
84.425	COVID-19 Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Schedule of Findings and Questioned Costs
For the year ended June 30, 2022

**Section II – Financial Statement Findings and Questioned Costs Reported in Accordance with
*Government Auditing Standards***

2022-001 Internal Control over Electronic Fund Transfers

Criteria

Management is responsible for establishing and maintaining internal controls and assessing those controls for effectiveness in design and operation. Internal controls include such practices as ensuring proper segregation of duties, authorizing, approving, and reviewing transactions, and performing reconciliations. Implementing controls and maintaining adequate documentation of such controls are characteristics of a sound internal control environment.

Conditions

The Business Manager electronically transferred one million dollars after year end without the bank requiring a second approval. There is no intermediate control to require two persons be involved in electronic fund transfers.

Cause

Internal controls were not adequately designed and operating regarding the controls around the electronic fund transfers.

Effect

The School's internal control environment is weakened which increases the risk of a material misstatement in the financial statements, as well as the susceptibility to potential fraud.

Recommendation

Management should continue to work with the bank in getting secondary approval required by the bank on electronic fund transfers of a significant nature.

Management's Response

Refer to Corrective Action Plan for Current Year Audit Findings and Questioned Costs.

2022-002 Louisiana Open Meetings Law

Criteria

Louisiana Revised Statue 42:13-20 requires that meetings of public bodies be open to the public and that written proceedings of the body shall be a public document. These statutes include any committee or subcommittee of the public body to also be a public body.

Condition

The School maintained no written proceedings of their finance committee meetings for the year ended June 30, 2022.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

Cause

Internal controls did not ensure compliance with the Louisiana Open Meetings Law.

Effect

The School is not in compliance with Louisiana Revised Statute 42:13-20 of the Open Meetings Law.

Recommendations

The School should implement procedures to ensure compliance with the Louisiana Open Meetings Law.

Management's Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs.

Section III – Federal Awards Findings and Questioned Costs Reported in Accordance with the OMB's Uniform Guidance.

There were no findings identified that are required to be reported under the OMB's Uniform Guidance.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, LA

Summary Status of Prior Year Findings
For the Year Ended June 30, 2022

There were no prior year audit findings reported in the Woodard & Associates (APAC) audit report dated March 31, 2022, covering the examination of the primary government financial statements of the D'Arbonne Woods Charter School, Inc (the School) as of and for the year ended June 30, 2021.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, LA

Corrective Action Plan for Current Year Audit Findings and Questioned Costs

For the Year Ended June 30, 2022

2022-001 Internal Control over Electronic Fund Transfers

Management's Corrective Action Plan

The School has been in contact with Origin bank regarding the lack of controls in place for wire transfers. The bank is revising the wire agreement adding the Executive Director for the second approval of any single wire transfer over the amount of \$1,000.

Person responsible for corrective action plan

Janice Coleman

Anticipated completion

December 31, 2022

2022-002 Louisiana Open Meetings Law

Management's Corrective Action Plan

The school has implemented procedures to comply with the Louisiana Open Meetings Law by posting the agenda as well as meeting minutes for the monthly Finance Committee Meetings held prior to the board meeting.

Person responsible for corrective action plan

Janice Coleman

Anticipated completion

December 31, 2022

OTHER REPORTS

AGREED-UPON PROCEDURES REPORT

SCHEDULES REQUIRED BY STATE LAW



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

← Keeping you on course! →

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the D'Arbonne Woods Charter School,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the D'Arbonne Woods Charter School for the fiscal year ended June 30, 2022; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the Charter School is responsible for its performance and statistical data.

The Charter School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Source (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

Results

No exceptions were noted as a result of applying agreed-upon procedures.

Class Size Characteristics (Schedule 2)

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

Results

We were unable to perform the agreed-upon procedure. Due to changes in Louisiana Department of Education online systems, management was unable to extract and provide us with a list of classes as reported on the schedule.

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.

Results

We were unable to perform the agreed-upon procedure. Due to changes in Louisiana Department of Education online systems, management was unable to extract and provide us with the complete October 1st PEP data that was submitted to the Louisiana Department of Education.

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).

Results

We were unable to perform the agreed-upon procedure. Due to changes in Louisiana Department of Education online systems, management was unable to extract and provide us with the complete June 30th PEP data that was submitted to the Louisiana Department of Education.

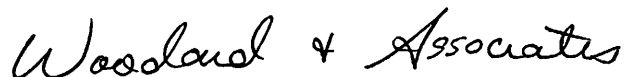
Management's Response

We are working with the Louisiana Department of Education to ensure that data is available for our internal use as well as for providing information to our auditors when completing the "School Board Agreed-Upon Procedures" section.

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

We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Charter School, 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.



(A Professional Accounting Corporation)
Monroe, Louisiana

December 14, 2022

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical
Data) As of and for the Year Ended June 30, 2022**

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

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

Schedule 2- Class Size Characteristics

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

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
June 30, 2022

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 3,356,330	
Other Instructional Staff Activities	459,178	
Instructional Staff Employee Benefits	1,592,359	
Purchased Professional and Technical Services	49,986	
Instructional Materials and Supplies	252,839	
Instructional Equipment	7,396	
Total Teacher and Student Interaction Activities		\$ 5,718,088

Other Instructional Activities		58,088
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Pupil Support Services	287,319	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		287,319

Instructional Staff Services	306,381	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		306,381

School Administration	195,603	
Less: Equipment for School Administration	-	
Net School Administration		195,603

Total General Fund Instructional Expenditures		\$ 6,565,479
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Total General Fund Equipment Expenditures		\$ 7,396
---	--	----------

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ -

Local Earnings on Investment in Real Property:

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

State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue	\$ -
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Nonpublic Transportation Revenue	\$ -
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D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

Class Size Characteristics
As of October 1, 2021

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	48.82%	124	47.64%	121	3.54%	9	0.00%	-
Combination Activity Classes	77.42%	24	3.23%	1	6.45%	2	12.90%	4
Total		<u>148</u>		<u>122</u>		<u>11</u>		<u>4</u>

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of D'Arbonne Woods Charter School
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. **D'Arbonne Woods Charter School's** (the School) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy .
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Result: The School has no written policies and procedures over debt service, and information technology disaster recovery/ business continuity.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public fund if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Result: No exceptions were identified as a result of these procedures.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Result: No exceptions were identified as a result of these procedures.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of

employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Result: One deposit was not made within one business day of receipt at the collection location.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Result: No exceptions were identified as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note:

requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

- b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Result: No exceptions were identified as a result of these procedures.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: No exceptions were identified as a result of these procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Result: No exceptions were identified as a result of these procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Result: No exceptions were identified as a result of these procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Result: No exceptions were identified as a result of these procedures.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Result: No exceptions were identified as a result of these procedures.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the

listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Result: No exceptions were identified as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c. Obtain a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Result: We performed the procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

Result: The School did not have sexual harassment policy and compliant procedure on their website or on their physical location. The School also did not have annual sexual harassment report for the fiscal year.

Management's Response to Results

Written Policies and Procedures

The School has contracted with Forethought Consulting, Inc (which specializes in helping schools manage policies and policy manuals) to better manage and keep up-to-date policies that are required by the state. We will consult with them to get these specific policies drafted and passed by the board.

Collections

The School's policy states that deposits are to be made within 3 business days.

Sexual Harassment

The School has posted the sexual harassment poster both on our website and on our physical location. As for the annual sexual harassment report, per the attorney for the Charter School Association, charters are not required to provide this information as well as file the report.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 14, 2022