

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Financial Statements

As of and for the Year Ended June 30, 2023

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

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June 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying 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, 2023, and the related statement of activities, functional expenses, and cash flows for the year 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 the School as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the executive director and the 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 accompanying schedule of compensation, benefits, and other payments to the executive director and schedule of expenditures of federal awards are 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 22, 2023, 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

Woodward & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 22, 2023

FINANCIAL STATEMENTS

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statement of Financial Position

June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 5,530,432	\$ 249,269	\$ 5,779,701
Investments	220,736	-	220,736
Accounts receivable	24,908	-	24,908
Grants receivable	577,377	-	577,377
Total current assets	<u>6,353,452</u>	<u>249,269</u>	<u>6,602,721</u>
Noncurrent assets			
Funds held by fiscal agent	3,076,520	-	3,076,520
Property and equipment, net	23,411,454	-	23,411,454
Right-of-use assets, net - finance leases	511,171	-	511,171
Total noncurrent assets	<u>26,999,145</u>	<u>-</u>	<u>26,999,145</u>
Total assets	<u>\$ 33,352,597</u>	<u>\$ 249,269</u>	<u>\$ 33,601,866</u>
Liabilities and net assets			
Current liabilities			
Accounts and retainage payable	\$ 102,540	\$ -	\$ 102,540
School activity funds payable	-	17,122	17,122
Payroll liabilities	489,479	-	489,479
Interest payable	21,857	-	21,857
Deferred revenues	29,312	-	29,312
Compensated absences	14,598	-	14,598
Lease liability, current - finance leases	146,264	-	146,264
Bonds payable, current	297,950	-	297,950
Total current liabilities	<u>1,102,001</u>	<u>17,122</u>	<u>1,119,124</u>
Noncurrent liabilities			
Lease liability, noncurrent - finance leases	359,188	-	359,188
Bonds payable, noncurrent	20,901,322	-	20,901,322
Less: Unamortized bond issuance cost	(230,378)	-	(230,378)
Total noncurrent liabilities	<u>21,030,132</u>	<u>-</u>	<u>21,030,132</u>
Total liabilities	<u>22,132,133</u>	<u>17,122</u>	<u>22,149,255</u>
Net assets			
Total net assets	<u>11,220,464</u>	<u>232,147</u>	<u>11,452,611</u>
Total liabilities and net assets	<u>\$ 33,352,597</u>	<u>\$ 249,269</u>	<u>\$ 33,601,866</u>

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

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statement of Activities

For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
State public school funding	\$ 11,418,572	\$ -	\$ 11,418,572
Federal sources	3,015,971	-	3,015,971
State sources	20,496	-	20,496
Donations	19	14,595	14,614
Fundraisers	-	196,416	196,416
School activities		185,789	185,789
Meal income	61,906	-	61,906
Dues and fees	-	26,483	26,483
Other income	16,889	-	16,889
Interest income	64,904	-	64,904
Total	<u>14,598,758</u>	<u>423,283</u>	<u>15,022,042</u>
Net assets released from restrictions	<u>398,513</u>	<u>(398,513)</u>	<u>-</u>
Total support and revenue	<u>14,997,272</u>	<u>24,770</u>	<u>15,022,042</u>
Expenses and losses			
Program Services	<u>11,397,025</u>	<u>-</u>	<u>11,397,025</u>
Support Services			
Management and general	1,154,793	-	1,154,793
Fundraising expenses	50,926	-	50,926
Total Support Services	<u>1,205,719</u>	<u>-</u>	<u>1,205,719</u>
Insurance proceeds	<u>(25,088)</u>	<u>-</u>	<u>(25,088)</u>
Total expenses and losses	<u>12,577,656</u>	<u>-</u>	<u>12,577,656</u>
Increase in net assets	2,419,616	24,770	2,444,386
Net assets at beginning of year (restated)	<u>8,800,848</u>	<u>207,377</u>	<u>9,008,225</u>
Net assets at end of year	<u>\$ 11,220,464</u>	<u>\$ 232,147</u>	<u>\$ 11,452,611</u>

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

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 5,307,409	\$ 238,435	\$ -	\$ 5,545,844
Employee benefits	2,123,366	100,569	-	2,223,935
Payroll taxes	82,570	3,556	-	86,125
Advertising and promotion	-	1,587	-	1,587
Amortization	152,747	13,180	-	165,927
Auditing	-	66,995	-	66,995
Books and periodicals	74,880	-	-	74,880
Depreciation	833,731	21,636	-	855,367
Dues and subscriptions	79,657	2,135	-	81,792
Food services	281,457	-	-	281,457
Insurance	132,621	35,869	-	168,491
Interest	-	581,166	-	581,166
Legal	-	24,408	-	24,408
Materials and supplies	487,462	3,750	40,036	531,248
Miscellaneous	95,630	2,128	10,890	108,647
Occupancy (maintenance)	587,538	-	-	587,538
Purchased professional & technical services	685,207	51,209	-	736,416
Rentals of equipment	56,968	3,372	-	60,339
Utilities	356,771	28	-	356,799
Student transportation	1,517	-	-	1,517
Travel	57,494	4,771	-	62,264
	<u>\$ 11,397,025</u>	<u>\$ 1,154,793</u>	<u>\$ 50,926</u>	<u>\$ 12,602,744</u>

Depreciation expense was allocated between program services and management and general based upon the proportion of square footage used for program expenses (95.5%) and management and general (4.5%) of the total square footage of the school building.

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

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statement of Cash Flows

For the Year Ended June 30, 2023

Cash flows from operating activities	
Program service payments received	\$ 11,482,403
Contributions and grants received	3,780,826
Receipts from special events	196,416
Other cash receipts	205,359
Payments for salaries, benefits and payroll taxes	(7,716,478)
Payments to vendors	(3,720,583)
Net cash provided (used) by operating activities	<u>4,227,944</u>
Cash flows from capital and related financing activities	
Insurance proceeds	25,088
Purchase of construction in progress and equipment	(1,958,825)
Principal paid on bonds	(290,741)
Principal paid on leases	(137,281)
Net cash provided (used) by capital and related financing activities	<u>(2,361,759)</u>
Cash flows from investing activities	
Funds deposited with fiscal agent	(272,910)
Net cash provided (used) by investing activities	<u>(272,910)</u>
Net increase (decrease) in cash	1,593,275
Cash at beginning of year	<u>4,186,426</u>
Cash at end of year	<u>\$ 5,779,701</u>
Shown on accompanying Statement of Financial Position as	
Cash	<u>\$ 5,779,701</u>
Supplemental disclosure of cash flow information	
Cash paid for interest expense	<u>\$ 559,309</u>

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

NOTES TO THE FINANCIAL STATEMENTS

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

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 School 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 School. These net assets may be used at the discretion of the School'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 Year Ended June 30, 2023

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, which is 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. Depreciation is allocated between program services and management and general functions based on the proportion of square footage of the school building that is used in carrying out the activities in each function.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

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. LEASES

The School determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term.

G. 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.

H. 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, 2020.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

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

J. 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.

K. 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.

L. CONCENTRATIONS

The School received 78% of its revenues from the State of Louisiana's Minimum Foundation Program, in accordance with its charter school contract with the State.

M. RECLASSIFICATIONS

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

N. 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 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. The School has adopted this guidance, as applicable, in its June 30, 2023 financial statements.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

Note 2 – CASH

The School's cash (bank balance) at June 30, 2023, was \$5,779,701 of which \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$5,529,701 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 of June 30, 2023 consist of the following:

Cash	\$ 5,530,432
Grants Receivable	577,377
Accounts Receivable	24,908
Total	<u>\$ 6,132,717</u>

In addition to those resources, an additional \$249,269 of donor restricted cash was available for school activities for the year ended June 30, 2023. 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, 2023, 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, 2023 were as follows:

Certificates of deposit	<u>\$ 220,736</u>
Funds held by fiscal agent	
U.S. Treasury Strip Interest Payment Tint	155,024
Treasury securities - State and Local Government Series	<u>2,921,496</u>
Total funds held by fiscal agent	<u>3,076,520</u>
Total investments	<u>\$ 3,297,256</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 future payment of the bond (the sinking fund; See Note 10) and are carried at fair value.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

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 year ended June 30, 2023, the School's investments (including gains and losses on investments bought, sold, and held during the year) changed in value as follows:

Interest income from CDs	\$ 1,526
Interest income from Argent	61,370
Change in market value	(672)
	<u>\$ 62,224</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

Note 5 – GRANTS RECEIVABLE

Grants receivable are as follows for the year ended June 30, 2023:

<u>Program</u>	<u>Amount</u>
Title I	\$ 179,079
Title II	16,447
Title IV	25,586
Title V	25,838
IDEA	106,904
Education Stabilization Fund	197,970
School Lunch	25,553
Total	<u>\$ 577,377</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 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent the school activity funds and any donations made for a specific or restricted purpose. As of June 30, 2023, the entirety of the School's net assets with donor restrictions relate to school activity funds.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

Note 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023:

Nondepreciable assets	
Land	\$ 473,787
Total nondepreciable assets	<u>473,787</u>
Depreciable assets	
Buildings	20,750,976
Building improvements	534,982
Land and site improvements	3,714,669
Equipment	791,448
Vehicles	<u>1,991,953</u>
Total depreciable assets	27,784,028
Less: Accumulated depreciation	<u>(4,846,361)</u>
Total depreciable assets, net	<u>22,937,667</u>
Total property and equipment, net	<u>\$ 23,411,454</u>

Depreciation expense totaled \$855,367 for the year ended June 30, 2023.

All assets acquired with Louisiana Department of Education (LDOE) funds are owned by the School while used for the purpose for which they were purchased. The LDOE, 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

The 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 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.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

Funding Policy: Plan members are required to contribute 8.0% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The rate was 24.8% of annual eligible covered payroll for the year ended June 30, 2023. 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 \$1,348,173 for the year ended June 30, 2023, which is equal to the required contribution.

Note 10 – BONDS PAYABLE

On December 21, 2010, the School issued a \$5.1 million Qualified School Construction Bond (QSCB) 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 Statement of Financial Position and had a balance of \$3,076,520 at June 30, 2023.

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>
2024	\$ 3,368,078
2025	\$ 3,665,576
2026	\$ 3,970,581
2027	\$ 4,283,283
2028	\$ 4,603,877

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 with an interest rate of 2.875%. The USDA loan is for a term of 40 years with payments beginning on July 13, 2016.

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

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

	<u>USDA</u>	<u>QSCB</u>	<u>Total</u>
2024	\$ 297,950	\$ -	\$ 297,950
2025	307,891	-	307,891
2026	316,860	-	316,860
2027	326,091	-	326,091
2028	335,603	-	335,603
Thereafter	14,514,877	5,100,000	19,614,877
	<u>\$ 16,099,272</u>	<u>\$ 5,100,000</u>	<u>\$ 21,199,272</u>

Changes in long-term debt were as follows for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
USDA	\$ 16,390,013	\$ -	\$ 290,741	\$ 16,099,272	\$ 297,950
QSCB	5,100,000	-	-	5,100,000	-
Total	<u>\$ 21,490,013</u>	<u>\$ -</u>	<u>\$ 290,741</u>	<u>\$ 21,199,272</u>	<u>\$ 297,950</u>

The School incurred \$540,276 in interest expense on the bonds for the year ended 2023.

Note 11 – LEASES

The School evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the School's right to use underlying assets for the lease term, and the lease liabilities represent the School's obligation to make lease payments arising from these leases. The School's leases consist of a building, athletic facilities, and certain equipment, all of which are under the terms of finance leases. The building and facilities are renewable leases and are recorded under the assumption that they are reasonably certain to be exercised for a total period of 10 years. The equipment is recorded under a 4-year term.

The ROU assets and corresponding liability associated with future lease payments as of June 30, 2023 are shown as follows:

ROU asset – buildings	\$ 289,537
ROU asset – equipment	\$ 221,634
Lease liability	\$ 505,452
Weighted average discount rate	6.5%
Weighted average remaining term	4.7 years

Lease costs reported in the Statement of Activities for the year ended June 30, 2023 are as follows:

Amortization of ROU assets	\$ 152,747
Interest on lease liability	40,890
Total	<u>\$ 193,637</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2023

Cash paid for the leases during the year ended June 30, 2023 totaled \$178,171.

Future maturities for the finance lease payments are expected to be paid as follows for each of the following years:

<u>Fiscal Year Ended</u>	<u>Amount</u>
June 30, 2024	\$ 178,171
June 30, 2025	178,171
June 30, 2026	48,780
June 30, 2027	48,780
June 30, 2028	48,780
June 30, 2029-2031	94,045
Total payments	<u>596,727</u>
Less: Present value discount	<u>(91,275)</u>
Lease liability	<u>\$ 505,452</u>

Note 12 – PRIOR PERIOD ADJUSTMENT OF NET ASSETS

Prior period adjustments have been made to net assets without donor restrictions to record the cumulative effect of the change in accounting principle due to the implementation of ASC 942 in the current year and to unaccrued an immaterial amount of accounts receivable from the prior year.

As of July 1, 2022, the School recognized a finance lease liability of \$645,733, which represents the present value of the remaining lease payments of approximately \$763,198, discounted using the School's weighted average incremental borrowing rate of 6.5%, and an ROU asset of \$633,919, which represents the initial present value of \$862,572 reduced by accumulated amortization of \$198,653. This resulted in a prior period adjustment of \$21,185 to net assets without donor restrictions.

As of July 1, 2022, the School unaccrued \$51,072 from accounts receivable because it was received but not recognized in a prior period. This resulted in a prior period adjustment of (\$51,072) to net assets without donor restrictions.

Note 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2023, the date the financial statements were available to be issued, and noted that no event occurred subsequent to the reporting period that require disclosure.

SUPPLEMENTARY INFORMATION

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

**Schedule of Compensation, Benefits, and Other
Payments to the Executive Director For the Year Ended
June 30, 2023**

Executive Director: Heath Murry

Purpose	Amount
Salary	\$ 104,062
Severance pay	6,455
Benefits - Retirement	25,807
Benefits - Insurance	7,713
Benefits - Medicare	1,535
Reimbursements	145
Travel - Conferences	2,327
	<u>\$ 148,045</u>

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND BY 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, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2023.

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 to those in charge of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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 are described in the accompanying schedule of findings and questioned costs as item 2023-001.

The 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. The School's response was not subject 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.

Woodcloud & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 22, 2023



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**INDEPENDENT AUDITOR'S 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, Inc.
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** (a nonprofit organization, 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, 2023. 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, Inc. 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, 2023.

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 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 requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements 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 judgment 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance finding identified in our compliance audit described in the

accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 by 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.

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

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 22, 2023

D'ARBONNE WOODS CHARTER SCHOOL, INC
Farmerville, Louisiana

Schedule of Expenditures of Federal Awards For the
Year Ended June 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing Number	Pass-Through Grantor No.	2023 Expenditures	2023 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:				
Cash Assistance				
School Breakfast Program	10.553A	N/A	\$ 68,788	\$ -
National School Lunch Program	10.555A	N/A	184,189	-
COVID-19 National School Lunch Program - Emergency Operational Costs Reimbursement Program	10.555	N/A	23,988	-
Non Cash Assistance (Commodities)				
Commodity Supplemental Food Program	10.565	N/A	14,023	-
Total Child Nutrition Cluster			<u>290,988</u>	<u>-</u>
Total United States Department of Agriculture			<u>290,988</u>	<u>-</u>
United States Department of Education				
<i>Passed through Louisiana Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010A	28-23-T1-11	333,143	-
Title I Grants to Local Educational Agencies (Direct Student Service)	84.010A	28-23-DSS-11	5,236	-
Total Title I			<u>338,379</u>	<u>-</u>
Special Education Cluster:				
Special Education - Grants to States (Set Aside)	84.027A	28-23-B1-m1	232,185	-
Total Special Education Cluster			<u>232,185</u>	<u>-</u>
Education Stabilization Fund				
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II - Formula)	84.425D	28-21-ES2F-m1	102,929	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER III - Formula)	84.425U	28-21-ESEB-m1	1,786,477	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER III - EB Interventions)	84.425U	28-21-ES3F-m1	129,391	-
Total Education Stabilization Fund			<u>2,018,797</u>	<u>-</u>
Vocational Education				
Rural Education	84.358B	28-23-RLIS-m1	25,838	-
Supporting Effective Instruction State Grants	84.367A	28-23-50-m1	71,136	-
Student Support and Academic Enrichment Program	84.424A	28-23-71-m1	25,586	-
Total United States Department of Education			<u>2,711,921</u>	<u>-</u>
Total Cash and Noncash Federal Awards			<u>3,002,909</u>	<u>-</u>
United States Department of Agriculture				
Community Facilities Loans and Grants	10.780	Balance 7/1/2022	16,390,013	-
Total United States Department of Agriculture			<u>16,390,013</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 19,392,922</u>	<u>\$ -</u>

D'ARBONNE WOODS CHARTER SCHOOL

Farmerville, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2023

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, 2023 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, 2022 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, 2023 shows the year-end balance:

	Schedule of Expenditures of Federal Awards July 1, 2022	Additions	Retirements	Statement of Financial Position June 30, 2023
USDA	<u>\$ 16,390,013</u>	<u>\$ -</u>	<u>\$ 290,741</u>	<u>\$ 16,099,272</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, 2023.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

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 X No

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

Noncompliance material to financial statements noted? X Yes ___ No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(s) identified not considered to be material weakness(es)? ___ Yes X No

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? X Yes ___ No

Major Programs:

Assistance Listing Numbers	Program Titles
10.780	Community Facilities Loans and Grants
84.425	COVID-19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? ___ Yes X No

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

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

2023-001 Accounting for Education Stabilization Fund

Criteria

According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements, it is the auditee's responsibility to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. The schedules should be complete and accurate.

Conditions

The revenue and receivables for the Education Stabilization Fund on the general ledger were overstated by about \$689,000; about 35% of the SEFA amount. The SEFA was overstated by the same amount. The reimbursement requests for the Education Stabilization Fund were not submitted in a timely manner. Of the seven reimbursement requests, two were submitted six to eight months after the expenses were incurred.

Cause

The funding agency defined the Education Stabilization Fund as a continuing grant, not differentiating between grant years, resulting in the School recording reimbursements as revenue when received rather than year specific based upon expenditures. As a result, the current year included revenue from another fiscal year. There was no breakdown in the internal controls, rather confusion on the proper accounting since the funding agency does not differentiate between funding years.

Effect

The School is not in compliance with the auditee responsibilities per the Uniform Guidance.

Recommendation

We have discussed this in-depth with the Business Manager and expect federal revenue and accounts receivable to be recorded correctly moving forward. We further discussed the need to use expenditures on the SEFA. We recommend the School be diligent when recording federal funds.

Management's Response

Refer to corrective action plan for management's response.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

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

**2023-002 Schedule of Expenditures of Federal Awards Preparation and Review
First Reported**

Federal Program, Assistance Listing Number and Year, Federal Agency, Passthrough Entity
COVID-19 Education Stabilization Fund, Assistance Listing Number 84.425D, 84.425U, 2023, U.S.
Department of Education, Louisiana Department of Education

Criteria

According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements, it is the auditee's responsibility to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. The schedules should be complete and accurate.

Conditions

The revenue and receivables for the Education Stabilization Fund on the general ledger were overstated by about \$689,000; about 35% of the SEFA amount. The SEFA was overstated by the same amount. The reimbursement requests for the Education Stabilization Fund were not submitted in a timely manner. Of the seven reimbursement requests, two were submitted six to eight months after the expenses were incurred.

Cause

The funding agency defined the Education Stabilization Fund as a continuing grant, not differentiating between grant years, resulting in the School recording reimbursements as revenue when received rather than year specific based upon expenditures. As a result, the current year included revenue from another fiscal year. There was no breakdown in the internal controls, rather confusion on the proper accounting since the funding agency does not differentiate between funding years.

Effect

The School is not in compliance with the auditee responsibilities per the Uniform Guidance.

Questioned Costs

N/A

Recommendation

We have discussed this in-depth with the Business Manager and expect federal revenue and accounts receivable to be recorded correctly moving forward. We further discussed the need to use expenditures on the SEFA. We recommend the School be diligent when recording federal funds.

Management's Response

Refer to corrective action plan for management's response.

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, LA

Summary Status of Prior Year Findings

For the Year Ended June 30, 2023

The status of prior year audit findings reported in the Woodard & Associates (APAC) audit report dated December 14, 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, 2022, is as follows:

2022-001 Internal Control over Electronic Fund Transfers

Condition Found

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.

Status

Resolved.

2022-002 Louisiana Open Meetings Law

Condition Found

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

Status

Resolved.

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, 2023

2023-001 Accounting for Education Stabilization Fund

Management's Corrective Action Plan

The School has modified the procedures accounting for ESSER revenue and receivables and expects no further issues moving forward.

Person responsible for corrective action plan

Janice Coleman

Anticipated completion

December 22, 2023

2023-002 Schedule of Expenditures of Federal Awards Preparation and Review First Reported

Management's Corrective Action Plan

The School has modified the procedures accounting for ESSER revenue and receivables and expects no further issues moving forward.

Person responsible for corrective action plan

Janice Coleman

Anticipated completion

December 22, 2023

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



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**To the D'Arbonne Woods Charter School, Inc.,
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, Inc. (the School) for the fiscal year ended June 30, 2023; 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 School) is responsible for its performance and statistical data.

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 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 Sources (Schedule 1)**

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Result: No exceptions were identified as a result of this procedure.

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.

Result: No exceptions were identified as a result of this procedure.

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education , 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 property classified on the PEP data.

Result: No exceptions were identified as a result of this procedure.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education 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.

Result: For 2 of the 25 individuals tested, we noted that the amount of salary and extra compensation reported on the June 30th PEP data submitted to the Louisiana Department of Education did not agree to the personnel file documentation.

Management's Response to Results

We will review the PEP files at year-end as well as compare them with the date at year-end for payroll in the accounting system.

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 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 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 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.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

December 22, 2023

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Schedules Required by State Law

(R.S. 24:514 – Performance and Statistical Data)

For the Year Ended June 30, 2023

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 students, 21-26 students, 27-33 students, and 34+ students.

D'ARBONNE WOODS CHARTER SCHOOL, INC
Farmerville, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources**
For the Year Ended June 30, 2023

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,740,876	
Other Instructional Staff Activities	451,879	
Instructional Staff Employee Benefits	1,683,674	
Purchased Professional and Technical Services	127,704	
Instructional Materials and Supplies	251,554	
Instructional Equipment	7,265	
Total Teacher and Student Interaction Activities		\$ 6,262,952
Other Instructional Activities		91,646
Pupil Support Services	297,046	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		297,046
Instructional Staff Services	316,142	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		316,142
School Administration	197,481	
Less: Equipment for School Administration	-	
Net School Administration		197,481
Total General Fund Instructional Expenditures		\$ 7,165,267
Total General Fund Equipment Expenditures		\$ 7,265
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Total Local Taxation Revenue		\$ -
Local Earnings on Investment in Real Property:		
Total Local Earnings on Investment in Real Property		\$ -
State Revenue in Lieu of Taxes:		
Total State Revenue in Lieu of Taxes		\$ -
Nonpublic Textbook Revenue		\$ -
Nonpublic Transportation Revenue		\$ -

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Class Size Characteristics

As of October 1, 2022

School Type	Class Size Range									
	1-20		21-26		27-33		34+		Total	
	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number
Elementary	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Elementary Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Middle/Jr. High	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Middle/Jr. High Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
High	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
High Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Combination	48.60%	139	47.90%	137	2.80%	8	0.70%	2	100.00%	286
Combination Activity Classes	0.00%	<u>27</u>	24.44%	<u>11</u>	6.67%	<u>3</u>	8.89%	<u>4</u>	40.00%	<u>45</u>
Total		<u>166</u>		<u>148</u>		<u>11</u>		<u>6</u>		<u>331</u>

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

STATEWIDE AGREED-UPON PROCEDURES

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**To the D'Arbonne Woods Charter School, Inc.
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, 2022 through June 30, 2023. **D'Arbonne Woods Charter School, Inc.'s** (the School's) 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 the LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, the 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:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***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).

- v. ***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 rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. ***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.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***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.
- xii. ***Prevention of 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 did not have written policies and procedures addressing information technology disaster recovery/business continuity.

2) Board or Finance Committee

- A. Obtained 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
 - i. 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.

- ii. For those entities reporting on the governmental accounting model, observe whether 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.
- iii. 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.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Result: No exceptions were identified as a result of this procedure.

3) Bank Reconciliations

- A. 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:
 - i. 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);
 - ii. Bank reconciliations include written evidence that a member of management or a 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
 - iii. Management has documentation reflecting 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 this procedure.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible

- for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. 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 in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Result: The School's deposits were not made within one business day of receipt.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;

- iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Result: No exceptions were identified as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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
 - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

- ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe 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 this procedure.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. 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 and 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
- i. 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. 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 Policies and Procedures procedure #1A(vii); and
 - iv. 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 this procedure.

8) Contracts

- A. 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. 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
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. 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, the documented approval); and
- iv. 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 this procedure.

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. 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 this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that 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 this procedure.

11) Debt Service

- A. 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 as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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 this procedure.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. 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 this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures,
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a)

- occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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 as required by R.S. 42:343.
- B. 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).

Result: No exceptions were identified as a result of this procedure.

Management's Responses to Results

We will update our written policies and procedures for information technology disaster recovery/business continuity to comply with the LLA. Our policy for deposits was previously 3 days but we are changing it to daily to comply with the LLA.

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 22, 2023