

Southwest Louisiana Charter Academy
Foundation, Inc.

Combined Financial Statements
For the Year Ended June 30, 2016

Southwest Louisiana Charter Academy Foundation, Inc.

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Southwest Louisiana Charter Academy Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined financial statements of Southwest Louisiana Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2016, and the combined related statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Charter Academy Foundation, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Performance and Statistical Data, included as Schedules 1 through 9, is not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 28, 2016

FINANCIAL STATEMENTS

Southwest Louisiana Charter Academy Foundation, Inc.
 Combined Statement of Financial Position (Deficit)
 June 30, 2016

Current Assets:	
Cash and cash equivalents	\$ 2,227,959
Grants receivable	195,846
Due from management company	8,219
Other receivables	7,997
Prepaid items	<u>18,113</u>
Total current assets	<u>2,458,134</u>
Property and Equipment, less accumulated depreciation of \$ 1,988,671	<u>15,518,753</u>
Other Assets:	
Restricted cash and cash equivalents held by Trustee	3,199,987
Unamortized bond issuance costs and underwriters' discount	475,697
Deposits	<u>8,626</u>
Total other assets	<u>3,684,310</u>
Total assets	<u>\$ 21,661,197</u>
Current Liabilities:	
Accounts payable and accrued expenses	\$ 703,706
Salaries and wages payable	463,574
Accrued interest payable	58,701
Due to related party	47,370
Due to management company	186,282
Compensated absences	25,726
Notes payable	142,241
Bonds payable	185,000
Deferred revenue	<u>99,554</u>
Total current liabilities	<u>1,912,154</u>
Noncurrent Liabilities:	
Due to related party	929,164
Compensated absences	8,574
Notes payable	2,512,971
Bonds payable, net of unamortized discount	<u>17,126,549</u>
Total noncurrent liabilities	<u>20,577,258</u>
Total liabilities	<u>22,489,412</u>
Commitments (Note 9)	-
Net Assets (Deficit) - Unrestricted	<u>(828,215)</u>
Total liabilities and net assets	<u>\$ 21,661,197</u>

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

Southwest Louisiana Charter Academy Foundation, Inc.
 Combined Statement of Activities
 For the Year Ended June 30, 2016

Support and Revenues:

Support:

Contributions	\$ 441,510
Grants:	
Federal	1,228,227
Minimum Foundation Program	<u>9,917,172</u>
Total support	<u>11,586,909</u>

Revenues:

Food services	1,644
Before and aftercare fees	24,534
Other revenue	24,235
Interest income	<u>386</u>
Total revenues	<u>50,799</u>

Total support and revenues	<u>11,637,708</u>
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Expenses:

Instruction	6,083,718
Support services:	
Pupil personnel services	596,035
Instruction related technology	127,638
Instructional staff training services	190,784
School Board	52,602
School administration	858,851
Fiscal services	1,087,296
Food services	462,220
Central services	4,433
Transportation	362,218
Operation of plant	1,477,524
Community services	52,404
Interest and amortization expense	<u>1,561,825</u>

Total expenses	<u>12,917,548</u>
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Change in net assets	(1,279,840)
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Net Assets, beginning of year	<u>451,625</u>
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Net Assets (Deficit), end of year	<u>\$ (828,215)</u>
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The accompanying notes to combined financial statements are an integral part of these statements.

Southwest Louisiana Charter Academy Foundation, Inc.
Combined Statement of Cash Flows
For the Year Ended June 30, 2016

Cash Flows from Operating Activities:	
Change in net assets	\$ (1,279,840)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for depreciation	864,845
Provision for amortization of bond costs	17,298
Provision for amortization of bond discount	6,126
Changes in assets and liabilities:	
Decrease in grants receivable	12,345
Increase in due from management company	(8,219)
Increase in other receivables	(7,997)
Decrease in prepaid items	677
Decrease in deposits	7,694
Decrease in accounts payable and accrued expenses	(423,525)
Increase in salaries and wages payable	143,405
Increase in due to related parties	942,752
Increase in due to management company	186,282
Decrease in deferred revenue	(150,446)
Decrease in other liabilities	(1,925)
Increase compensated absences	16,139
	<u>325,611</u>
Net cash provided by operating activities	<u>325,611</u>
Cash Flows from Investing Activities:	
Payments for purchase of property and equipment	<u>(498,741)</u>
Net cash used in investing activities	<u>(498,741)</u>
Cash Flows from Financing Activities:	
Payments on debt	<u>(124,788)</u>
Net cash used in financing activities	<u>(124,788)</u>
Decrease in cash and cash equivalents and restricted cash and cash equivalents	(297,918)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, beginning of year	<u>5,725,864</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, end of year	\$ <u>5,427,946</u>
Cash and cash equivalents	\$ 2,227,959
Restricted cash and cash equivalents	<u>3,199,987</u>
	\$ <u>5,427,946</u>

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

Note 1 - Organization and Operations

Organization: Southwest Louisiana Charter Academy Foundation, Inc. (the "Foundation"), a Louisiana not-for-profit corporation, was formed on April 19, 2012 exclusively for educational purposes and is comprised of respected leaders in the Lake Charles community that are committed to providing high quality educational options for the citizens of the Calcasieu Parish. Southwest Louisiana Charter Academy, a Department of the Foundation, was established as a charter school in July 2012 for students from kindergarten to eighth grade in the Louisiana Parish of Calcasieu. Lake Charles College Prep, a Department of the Foundation, was established as a charter school in July 2014 for students from ninth to twelfth grade in the Louisiana Parish of Calcasieu. For the 2016 school year, students in the ninth and tenth grade were served with subsequent grades added each year.

Nature of activities: Southwest Louisiana Charter Academy was granted a charter by the Louisiana Board of Elementary and Secondary Education ("BESE") in 2012 to operate a Type 2 public charter school. The current charter is in effect until June 2021 and may be extended for a maximum initial term of five years. Upon the completion of the charter school's fifth year of operations, the charter may be renewed at the discretion of BESE.

Lake Charles College Prep was granted a charter by the Louisiana Board of Elementary and Secondary Education ("BESE") in 2014 to operate a Type 2 public charter school. The current charter is in effect until June 2018 and may be extended for a maximum initial term of five years. Upon the completion of the charter school's fifth year of operations, the charter may be renewed at the discretion of BESE.

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

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of presentation: The financial statements presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958, the reporting organization is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue recognition: Revenues from governmental grants are recognized when allowable expenditures are made by the Foundation. Funds received for specific purposes but not yet expended are recorded as unearned revenue.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

The Foundation reports no temporarily restricted or permanently restricted net assets as of June 30, 2016.

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

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

Restricted cash and cash equivalents: At June 30, 2016, restricted cash and cash equivalents include escrow balances restricted for debt service (Note 6) and other activities as follows:

Series 2013 Debt Service Reserve Fund	\$	1,594,678
Series 2013 Revenue Fund		117,974
Series 2013 Retainage Fund		2
Series 2013 Proceeds Fund		<u>1,487,333</u>
Total restricted cash equivalents	\$	<u><u>3,199,987</u></u>

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

Bond issuance costs and provision for amortization: The Foundation incurred certain costs in connection with the issuance of its bonds. These costs have been capitalized for financial reporting purposes and are amortized over the term of the bonds on a straight-line basis. Total provision for amortization was \$ 17,298 for the year ending June 30, 2016.

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

Functional allocation of expenses: The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying statement of activities.

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

Date of management's review: Subsequent events have been evaluated through December 28, 2016, which is the date the financial statements were available to be issued.

Note 3 - Grants Receivable

As of June 30, 2016, grants receivable consisted of amounts due from the following sources:

<u>RECEIVABLES</u>	<u>Amount</u>
Title I	\$ 147,673
IDEA	38,708
National School Lunch Program	760
Title II	<u>8,705</u>
	<u>\$ 195,846</u>

Note 4 - Property and Equipment

The following is a summary of property and equipment at June 30, 2016:

Land	\$ 1,792,554
Construction in progress	25,161
Building	13,032,731
Furniture, fixtures and equipment	1,198,689
Computer equipment and software	1,355,824
Improvements other than building	<u>102,465</u>
Less: accumulated depreciation	<u>(1,988,671)</u>
Property and equipment, net	<u>\$ 15,518,753</u>

Depreciation expense for the year ended June 30, 2016 totaled \$ 864,845.

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

Note 5 - Due to Related Party

The Foundation and Lake Charles Charter Academy Foundation, Inc. ("LCCAF") are related, as they share common board membership. As of June 30, 2016, the financial statements include an amount due to LCCAF in the amount of \$ 976,534.

Note 6 - Bonds Payable

a. Summary of Bonds Payable

Bonds payable at June 30, 2016 is comprised of the following bond issue:

\$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013; due in semi-annual installments beginning December 2016 through December 2043; interest payable semiannually at rates that range from 6.625% to 8.375%.	\$ 17,480,000
Less unamortized bond discount	<u>(168,451)</u>
	<u>\$ 17,311,549</u>

Southwest Louisiana Charter Academy Foundation, Inc.
Notes to Combined Financial Statements
June 30, 2016

Note 6 - Bonds Payable (continued)

The following is a summary of changes in bonds payable for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
Tax-Exempt Educational Facilities Revenue Bonds, Series 2013	\$ 17,480,000	\$ -	\$ -	\$ 17,480,000	\$ 185,000
Discount on Series 2013 Bonds	(174,577)	-	6,126	(168,451)	-
	<u>\$ 17,305,423</u>	<u>\$ -</u>	<u>\$ 6,126</u>	<u>\$ 17,311,549</u>	<u>\$ 185,000</u>

b. Summary of Significant Bond Terms

\$ 17,480,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2013 - Series 2013 tax-exempt bonds are for the purpose of (i) financing the acquisition, construction and equipping of Southwest Louisiana Charter Academy facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2013 bonds. The bonds are payable in semi-annual principal installments beginning December 2016 through December 2043. Interest ranging from 6.625% to 8.375% is payable semiannually on the fifteenth day of June and December.

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

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 185,000	\$ 1,405,806	\$ 1,590,806
2018	200,000	1,393,219	1,593,219
2019	215,000	1,379,803	1,594,803
2020	225,000	1,365,394	1,590,394
2021	240,000	1,350,156	1,590,156
2022-2026	1,480,000	6,477,203	7,957,203
2027-2031	2,145,000	5,813,241	7,958,241
2032-2036	3,190,000	4,771,081	7,961,081
2037-2041	4,775,000	3,182,975	7,957,975
2042-2044	4,825,000	750,609	5,575,609
	<u>\$ 17,480,000</u>	<u>\$ 27,889,487</u>	<u>\$ 45,369,487</u>

Note 6 - Bonds Payable (continued)

The trust indenture requires reserve funds equal to \$ 1,594,678 for the Series 2013 bonds. As of June 30, 2016, the reserve fund account balance was sufficient to satisfy this requirement. The trust indenture also contains a financial covenant which requires the Foundation to maintain a long-term debt service coverage ratio of 1.25 to 1.00. The Foundation did not meet this financial covenant because the long-term debt service coverage ratio for the year ended June 30, 2016 is as follows:

<u>Covenant</u>	<u>Requirement</u>	<u>Calculated</u>
Long-term debt service coverage ratio	At least 1.25	0.61

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

Note 7 - Notes Payable

The Foundation signed a 4.75% note payable (Loan 1) dated July 31, 2014 for the purchase of a facility for Lake Charles College Prep ("LCCP"). The note is with a financial institution and carries monthly principal and interest payments of \$ 17,068 through June 2019. Beginning in July 2019, there will be a rate adjustment which will occur every five years until July 2034. The rate adjustment will be tied to the then existing Wall Street Journal PRIME plus 1.75%. The Foundation signed a second 4.75% note payable (Loan 2) with Project Build a Future, Inc. for the purchase of the facility. The note has monthly principal and interest payments of \$ 5,042 through July 2019.

Balance as of June 30, 2016:	
Loan 1	\$ 2,482,009
Loan 2	173,203
Less current portion	<u>(142,241)</u>
Long-term portion	<u>\$ 2,512,971</u>

Loan 1 includes an acknowledgment that the financial institution is relying on the financial strength of Southwest Louisiana Charter Academy and Lake Charles Charter Academy to provide the support to cover any expected or unexpected losses associated with Foundation loan. This is not to say that they guarantee the debt of the Foundation but rather will acknowledge their commitment to cover the shortfalls projected.

The above-described notes payable are collateralized by the building in which the school operates.

Note 7 - Notes Payable (continued)

The scheduled maturities of the notes payable based on interest rates in effect as of June 30, 2016 are as follows:

2017	\$	142,241
2018		149,146
2019		156,387
2020		107,422
2021-2025		591,582
2026-2030		749,819
2031-2034		<u>758,615</u>
	\$	<u>2,655,212</u>

Interest expense related to notes payable totaled \$ 129,613 for the year ended June 30, 2016.

Note 8 - Income Taxes

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

Note 9 - Commitments

Management agreement: The Foundation has formal agreements with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the Schools. For Southwest Louisiana Charter Academy, the fee ranges from \$ 1,395,186 for 2017 to \$ 1,911,575 for 2028 as defined in the agreement. For Lake Charles College Prep ("LCCP"), CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services rendered pursuant to the agreement up to 15% of revenues in accordance with the approved budget. However, per the loan agreement for the LCCP facility (Note 7), the fee shall be deferred until LCCP reaches a minimum debt service coverage ratio of 1.25. The agreements have initial terms which coincide with their charters. The agreements will renew to coincide with the charter renewals unless terminated by either party.

For the year ended June 30, 2016, the amount of fees received by CSUSA from Southwest Louisiana Charter Academy was \$ 1,368,257 which represents fees for operating the School.

Also at June 30, 2016, the Foundation had an amount due from the management company for \$ 8,219, an amount due to the management company for \$ 186,282 and accounts payable to CSUSA for \$ 631,354 for invoices for certain expenses paid on behalf of the Schools.

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

Note 10 - Employee Benefit Plan

During the year ended June 30, 2013, the Foundation offered all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of their annual gross compensation, subject to certain limitations. The Schools contributed a matching amount of \$ 7,541 for the year ended June 30, 2016.

Note 11 - Net Assets (Deficit)

The Foundation ended the year with a net asset (deficit) of \$ (828,215). This deficit is partially a result of a decrease in enrollment of approximately 120 students at Southwest Louisiana Charter Academy. In addition, Lake Charles College Prep has been ramping up its enrollment and was 37 students under its budgeted enrollment for the year. This resulted in the School ending the year in a deficit. The Schools plan to implement marketing initiatives which will increase enrollment. They will also focus on academic achievement as well as building out after school programs to include sports and clubs. They have also applied for grants in order to supplement current programs.

Note 12 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information

	<u>2016</u>
Cash received during the year for - Interest income	\$ 386
Cash paid during the year for - Interest expense	\$ 1,538,401

COMBINING INDIVIDUAL FUND
FINANCIAL STATEMENTS

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Financial Position (Deficit)
June 30, 2016

	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Current Assets:					
Cash and cash equivalents	\$ 1,955,925	\$ 255,518	\$ 16,516	\$ -	\$ 2,227,959
Grants receivable	126,612	69,234	-	-	195,846
Due from related party	16,842	18,587	-	(35,429)	-
Due from management company	-	8,219	-	-	8,219
Other receivables	7,997	-	-	-	7,997
Prepaid items	5,287	12,826	-	-	18,113
Total current assets	<u>2,112,663</u>	<u>364,384</u>	<u>16,516</u>	<u>(35,429)</u>	<u>2,458,134</u>
Property and Equipment, less accumulated depreciation	<u>12,427,899</u>	<u>389,285</u>	<u>2,701,569</u>	<u>-</u>	<u>15,518,753</u>
Other Assets:					
Restricted cash and cash equivalents held by Trustee	3,199,987	-	-	-	3,199,987
Unamortized bond issuance costs and underwriters' discount	475,697	-	-	-	475,697
Deposits	8,626	-	-	-	8,626
Total other assets	<u>3,684,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,684,310</u>
Total assets	<u>\$ 18,224,872</u>	<u>\$ 753,669</u>	<u>\$ 2,718,085</u>	<u>\$ (35,429)</u>	<u>\$ 21,661,197</u>
Current Liabilities:					
Accounts payable and accrued expenses	\$ 628,987	\$ 74,719	\$ -	\$ -	\$ 703,706
Salaries and wages payable	326,075	137,499	-	-	463,574
Accrued interest payable	58,701	-	-	-	58,701
Due to related party	64,057	-	18,742	(35,429)	47,370
Due to management company	186,282	-	-	-	186,282
Compensated absences	15,623	10,103	-	-	25,726
Notes payable	-	-	142,241	-	142,241
Bonds payable	185,000	-	-	-	185,000
Deferred revenue	-	99,554	-	-	99,554
Total current liabilities	<u>1,464,725</u>	<u>321,875</u>	<u>160,983</u>	<u>(35,429)</u>	<u>1,912,154</u>
Noncurrent Liabilities:					
Due to related party	-	929,164	-	-	929,164
Compensated absences	5,207	3,367	-	-	8,574
Notes payable	-	-	2,512,971	-	2,512,971
Bonds payable, net of unamortized discount	17,126,549	-	-	-	17,126,549
Total noncurrent liabilities	<u>17,131,756</u>	<u>932,531</u>	<u>2,512,971</u>	<u>-</u>	<u>20,577,258</u>
Total liabilities	<u>18,596,481</u>	<u>1,254,406</u>	<u>2,673,954</u>	<u>(35,429)</u>	<u>22,489,412</u>
Net Assets (Deficit) - Unrestricted	<u>(371,609)</u>	<u>(500,737)</u>	<u>44,131</u>	<u>-</u>	<u>(828,215)</u>
Total liabilities and net assets	<u>\$ 18,224,872</u>	<u>\$ 753,669</u>	<u>\$ 2,718,085</u>	<u>\$ (35,429)</u>	<u>\$ 21,661,197</u>

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Activities
For the Year Ended June 30, 2016

	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Support and Revenues:					
Support:					
Contributions	\$ 252,615	\$ 170,445	\$ 18,450	\$ -	\$ 441,510
Grants:					
Federal	1,012,323	215,904	-	-	1,228,227
Minimum Foundation Program	<u>7,289,707</u>	<u>2,627,465</u>	<u>-</u>	<u>-</u>	<u>9,917,172</u>
Total support	<u>8,554,645</u>	<u>3,013,814</u>	<u>18,450</u>	<u>-</u>	<u>11,586,909</u>
Revenues:					
Food services	1,565	79	-	-	1,644
Before and aftercare fees	24,534	-	-	-	24,534
Other revenue	19,782	4,453	254,401	(254,401)	24,235
Interest income	<u>372</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>386</u>
Total revenues	<u>46,253</u>	<u>4,532</u>	<u>254,415</u>	<u>(254,401)</u>	<u>50,799</u>
Total support and revenues	<u>8,600,898</u>	<u>3,018,346</u>	<u>272,865</u>	<u>(254,401)</u>	<u>11,637,708</u>
Expenses:					
Instruction	4,707,673	1,376,045	-	-	6,083,718
Support services:					
Pupil personnel services	456,022	140,013	-	-	596,035
Instruction related technology	93,595	34,043	-	-	127,638
Instructional staff training services	108,732	82,052	-	-	190,784
School Board	30,314	17,184	5,104	-	52,602
School administration	535,248	319,768	3,835	-	858,851
Fiscal services	730,641	356,655	-	-	1,087,296
Food services	345,403	116,817	-	-	462,220
Central services	1,292	3,141	-	-	4,433
Transportation	311,104	51,114	-	-	362,218
Operation of plant	957,109	725,108	49,708	(254,401)	1,477,524
Community services	31,455	3,349	17,600	-	52,404
Interest and amortization expense	<u>1,432,212</u>	<u>-</u>	<u>129,613</u>	<u>-</u>	<u>1,561,825</u>
Total expenses	<u>9,740,800</u>	<u>3,225,289</u>	<u>205,860</u>	<u>(254,401)</u>	<u>12,917,548</u>
Change in net assets	(1,139,902)	(206,943)	67,005	-	(1,279,840)
Net Assets (Deficit), beginning of year	<u>768,293</u>	<u>(293,794)</u>	<u>(22,874)</u>	<u>-</u>	<u>451,625</u>
Net Assets (Deficit), end of year	<u>\$ (371,609)</u>	<u>\$ (500,737)</u>	<u>\$ 44,131</u>	<u>\$ -</u>	<u>\$ (828,215)</u>

Southwest Louisiana Charter Academy Foundation, Inc.
Combining Statement of Cash Flows
For the Year Ended June 30, 2016

	<u>Southwest Louisiana Charter Academy</u>	<u>Lake Charles College Prep</u>	<u>Southwest Louisiana Charter Academy Foundation</u>	<u>Eliminations</u>	<u>Combining Total</u>
Cash Flows from Operating Activities:					
Change in net assets	\$ (1,139,902)	\$ (206,943)	\$ 67,005	\$ -	\$ (1,279,840)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Provision for depreciation	679,141	135,996	49,708	-	864,845
Provision for amortization of bond costs	17,298	-	-	-	17,298
Provision for amortization of bond discount	6,126	-	-	-	6,126
Changes in assets and liabilities:					
(Increase) decrease in grants receivable	43,518	(31,173)	-	-	12,345
(Increase) decrease in due from related party	518,383	(18,587)	-	(499,796)	-
Increase in due from management company	-	(8,219)	-	-	(8,219)
Increase in other receivables	(7,997)	-	-	-	(7,997)
(Increase) decrease in prepaid items	1,966	(1,289)	-	-	677
Decrease in deposits	7,694	-	-	-	7,694
Increase (decrease) in accounts payable and accrued expenses	(466,680)	43,155	-	-	(423,525)
Increase in salaries and wages payable	27,820	115,585	-	-	143,405
Increase in due to related party	34,835	408,121	-	499,796	942,752
Decrease in deferred revenue	-	(150,446)	-	-	(150,446)
Increase in due to management company	186,282	-	-	-	186,282
Decrease in other liabilities	(1,925)	-	-	-	(1,925)
Increase in compensated absences	5,496	10,643	-	-	16,139
	<u>(87,945)</u>	<u>296,843</u>	<u>116,713</u>	<u>-</u>	<u>325,611</u>
Net cash provided by (used in) operating activities					
Cash Flows from Investing Activities:					
Payments for purchase of property and equipment	(236,788)	(261,953)	-	-	(498,741)
	<u>(236,788)</u>	<u>(261,953)</u>	<u>-</u>	<u>-</u>	<u>(498,741)</u>
Net cash used in investing activities					
Cash Flows from Financing Activities:					
Payments on notes payable	-	-	(124,788)	-	(124,788)
	<u>-</u>	<u>-</u>	<u>(124,788)</u>	<u>-</u>	<u>(124,788)</u>
Net cash used in financing activities					
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	(324,733)	34,890	(8,075)	-	(297,918)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, beginning of year	5,480,645	220,628	24,591	-	5,725,864
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, end of year	<u>\$ 5,155,912</u>	<u>\$ 255,518</u>	<u>\$ 16,516</u>	<u>\$ -</u>	<u>\$ 5,427,946</u>
Cash and cash equivalents	\$ 1,955,925	\$ 255,518	\$ 16,516	\$ -	\$ 2,227,959
Restricted cash and cash equivalents	<u>3,199,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,199,987</u>
	<u>\$ 5,155,912</u>	<u>\$ 255,518</u>	<u>\$ 16,516</u>	<u>\$ -</u>	<u>\$ 5,427,946</u>

SUPPLEMENTAL INFORMATION

Southwest Louisiana Charter Academy Foundation, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

<u>Federal Agency/Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Sub recipients</u>
Federal Agency Name:				
Indirect Programs:				
U.S. Department of Agriculture -				
Passed through Louisiana Department of Agriculture -				
National School Lunch Program	10.555	-	\$ 364,325	\$ -
School Breakfast Program	10.553	-	<u>74,390</u>	<u>-</u>
Total U.S. Department of Agriculture			438,715	
Department of Education -				
Passed through Louisiana Department of Education -				
Title I Grants to Local Educational Agencies	84.010	-	599,169	-
Special Education - Grants to States	84.027	-	181,638	-
Improving Teacher Quality	84.367	-	<u>8,705</u>	<u>-</u>
Total U.S. Department of Education			<u>789,512</u>	<u>-</u>
Total expenditures of Federal Awards			\$ <u><u>1,228,227</u></u>	\$ <u><u>-</u></u>

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of Southwest Louisiana Charter Academy Foundation, Inc. and is presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

Note 2 - Contingency

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

Note 3 - Indirect Cost Rate

The Foundation did not elect to use the 10% de minimis indirect cost rate.

Southwest Louisiana Charter Academy Foundation, Inc.
Lake Charles, Louisiana
Schedule of Board of Directors
June 30, 2016

<u>Board Members</u>	<u>Compensation</u>
Judge Ulysses Gene Thibodeaux, President	\$ 0
Mr. Charles Honore, Vice President	\$ 0
Mr. Clyde Mitchell, Secretary and Treasurer	\$ 0
Mr. Andrew Ranier, J.D., Trustee	\$ 0
Dr. Michael Kurth, Trustee	\$ 0
Mr. Willie Mount, Trustee	\$ 0
Ms. Sylvia Stelly, Trustee	\$ 0

Southwest Louisiana Charter Academy Foundation, Inc.
 Lake Charles, Louisiana
 Schedule of Compensation, Benefits and Other Payments to
 Agency Head or Chief Executive Officer
 For the Year Ended June 30, 2016

Agency Head: Judge Ulysses Gene Thibodeaux, President

Purpose	Amount
Salary	\$ 0
Benefits-Insurance	\$ 0
Benefits-Retirement	\$ 0
Car Allowance	\$ 0
Vehicle Provided by Government	\$ 0
Per Diem	\$ 0
Reimbursements	\$ 1,227
Travel	\$ 0
Registration Fees	\$ 0
Conference Travel	\$ 0
Continuing Professional Education Fees	\$ 0
Housing	\$ 0
Unvouchered Expenses	\$ 0
Special Meals	\$ 0

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

INTERNAL CONTROLS AND COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest Louisiana Charter Academy Foundation, Inc. (a not-for-profit organization) (the "Foundation") which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 28, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited Southwest Louisiana Charter Academy Foundation, Inc.'s (a not-for-profit organization) (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major Federal programs for the year ended June 30, 2016. The Foundation's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 28, 2016

Southwest Louisiana Charter Academy Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

A. SUMMARY OF AUDITOR'S RESULTS

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

<u>Federal Program</u>	<u>CFDA No.</u>
U.S. Department of Education - Title I Grants to Local Educational Agencies	84.010

8. The threshold for distinguishing Types A and B programs was \$ 750,000.
9. Southwest Louisiana Charter Academy Foundation, Inc. was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No matters were reported.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS AUDITS

No matters were reported.

D. OTHER ISSUES

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

**SCHEDULES REQUIRED BY STATE LAW
(LA R.S. 24:524 - PERFORMANCE
AND STATISTICAL DATA)**

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Southwest Louisiana Charter Academy Foundation, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statement of Southwest Louisiana Charter Academy Foundation, Inc. and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. Management of Southwest Louisiana Charter Academy Foundation, Inc. is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings related to the accompanying schedules of supplemental information are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of 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, and
 - Nonpublic Transportation Revenue.

No exceptions noted.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

No exceptions noted.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No exceptions noted.

Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

No exceptions noted.

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No exceptions noted.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No exceptions noted.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

No exceptions noted.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Southwest Louisiana Charter Academy Foundation, Inc.

No exceptions noted.

The Graduation Exit Exam (GEE) (Schedule 8)

11. The Graduation Exit Exam (GEE) is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to the scores reported in the schedule by Southwest Louisiana Charter Academy Foundation, Inc.

No exceptions noted.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Southwest Louisiana Charter Academy, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 28, 2016

Southwest Louisiana Charter Academy Foundation, Inc.
 General Fund Instructional and Supprt Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2016

Schedule 1

**General Fund Instructional
 and Equipment Expenditures:**

General Fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 3,736,073	
Other instructional staff activities	199,490	
Instructional staff/Employee Benefits	530,976	
Purchased professional and technical services	152,846	
Instructional materials and supplies	232,748	
Instructional equipment	<u>491,958</u>	

Total teacher and student interaction activities		\$ 5,344,091
--	--	--------------

Other instructional activities	59,190	59,190
--------------------------------	--------	--------

Pupil support activities	174,364	
--------------------------	---------	--

Less: equipment for pupil support activities	<u>-</u>	
--	----------	--

Net pupil support activities		174,364
------------------------------	--	---------

Instructional staff services	834,091	
------------------------------	---------	--

Less: equipment for instructional staff services	<u>-</u>	
--	----------	--

Net instructional staff services		834,091
----------------------------------	--	---------

School administration	3,057,748	
-----------------------	-----------	--

Less: equipment for school administration	<u>-</u>	
---	----------	--

Net school administration		<u>3,057,748</u>
---------------------------	--	------------------

Total General Fund instructional expenditures		\$ <u>9,469,484</u>
---	--	---------------------

Total General Fund equipment expenditures		\$ <u>491,958</u>
---	--	-------------------

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

Southwest Louisiana Charter Academy Foundation, Inc.
 General Fund Instructional and Supprt Expenditures
 and Certain Local Revenue Sources
 (continued)
 For the Year Ended June 30, 2016

Schedule 1

Certain Local Revenue Sources:

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

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

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

Nonpublic textbook revenue	\$ <u><u>-</u></u>
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Nonpublic transportation revenue	\$ <u><u>-</u></u>
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See individual accountant's report on applying agreed-upon procedures.

Southwest Louisiana Charter Academy Foundation, Inc.
 Education Levels of Public School Staff
 As of October 1, 2015

Schedule 2

Category:	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	29	78%	8	67%	1	33%	-	-
Master's Degree	5	14%	4	33%	-	-	-	-
Master's Degree +30	3	8%	-	-	-	-	-	-
Specialist in Education	-	-	-	-	1	33%	-	-
PhD or EdD	-	-	-	-	1	33%	1	100%
Total:	37	100%	12	100%	3	100%	1	100%

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

Southwest Louisiana Charter Academy Foundation, Inc.
Number and Type of Public Schools
For the Year Ended June 30, 2016

Schedule 3

<u>Type</u>	<u>Number</u>
Elementary	1
Middle/Junior High	-
Secondary	1
Combination	-
	<hr/>
Total	<u>2</u>

Note: Schools opened or closed during the fiscal year are included in this schedule.

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

Southwest Louisiana Charter Academy Foundation, Inc.
 Experience of Public Principals, Assistant Principals
 and Full-Time Classroom Teachers
 As of October 1, 2015

Schedule 4

	<u>0-1 Years</u>	<u>2-3 Years</u>	<u>4-10 Years</u>	<u>11-14 Years</u>	<u>15-19 Years</u>	<u>20-24 Years</u>	<u>25+ Years</u>	<u>Total</u>
Assistant principals	-	-	1	-	1	-	-	2
Principals	-	-	-	-	1	1	-	2
Classroom teachers	<u>23</u>	<u>5</u>	<u>11</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>4</u>	<u>49</u>
Total	<u>23</u>	<u>5</u>	<u>12</u>	<u>3</u>	<u>4</u>	<u>2</u>	<u>4</u>	<u>53</u>

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

Southwest Louisiana Charter Academy Foundation, Inc.
 Public School Staff Data - Average Salaries
 For the Year Ended June 30, 2016

Schedule 5

	<u>All Classroom Teachers</u>	<u>Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged Salary Reductions</u>
Average classroom teachers' salary including extra compensation	\$ <u>43,796</u>	\$ <u>43,796</u>
Average classroom teachers' salary excluding extra compensation	\$ <u>42,869</u>	\$ <u>42,869</u>
Number of teacher full-time equivalents (FTE's) used in computation of average salaries	<u>50</u>	<u>50</u>

NOTE: Figures reported include all sources of funding (i.e., federal, state and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

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

Southwest Louisiana Charter Academy Foundation, Inc.
 Class Size Characteristics
 As of October 1, 2015

Schedule 6

	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
School Type:								
Elementary	62%	142	59%	101	82%	28	87%	7
Elementary/activity classes	7%	16	7%	12	9%	3	13%	1
Middle/Junior High	-	-	-	-	-	-	-	-
Middle/Junior High activity classes	-	-	-	-	-	-	-	-
High	24%	56	30%	52	9%	3	-	-
High activity classes	7%	16	4%	7	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination activity classes	-	-	-	-	-	-	-	-
Total	100%	230	100%	172	100%	34	100%	8

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

Southwest Louisiana Charter Academy Foundation, Inc.
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2016

Schedule 7

District Achievement Level Results Students	English Language Arts			Mathematics		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 3:						
Advanced	2%	-	-	9%	-	2%
Mastery	30%	21%	13%	15%	19%	8%
Basic	28%	32%	30%	41%	35%	48%
Approaching basic	30%	24%	34%	26%	32%	30%
Unsatisfactory	10%	23%	22%	10%	13%	11%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results Students	English Language Arts			Mathematics		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 4:						
Advanced	-	-	-	-	-	10%
Mastery	25%	20%	23%	20%	7%	35%
Basic	40%	38%	55%	39%	24%	48%
Approaching basic	27%	36%	16%	39%	48%	7%
Unsatisfactory	8%	5%	6%	2%	20%	-
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results Students	English Language Arts			Mathematics		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 5:						
Advanced	-	-	5%	-	-	2%
Mastery	19%	36%	11%	10%	12%	3%
Basic	36%	30%	61%	31%	39%	62%
Approaching basic	30%	26%	19%	41%	43%	17%
Unsatisfactory	14%	8%	5%	17%	6%	17%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results Students	English Language Arts			Mathematics		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 6:						
Advanced	-	-	9%	-	-	7%
Mastery	43%	30%	16%	16%	15%	9%
Basic	44%	48%	40%	44%	36%	63%
Approaching basic	10%	15%	28%	34%	36%	18%
Unsatisfactory	3%	7%	7%	4%	12%	4%
Total	100%	100%	100%	100%	100%	100%

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

Southwest Louisiana Charter Academy Foundation, Inc.
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2016
(continued)

Schedule 7

District Achievement Level Results Students	English Language Arts			Mathematics		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 7:						
Advanced	4%	4%	3%			
Mastery	28%	19%	25%	9%	6%	12%
Basic	33%	36%	48%	48%	43%	63%
Approaching basic	34%	31%	22%	29%	35%	16%
Unsatisfactory	3%	11%	3%	15%	17%	7%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results Students	English Language Arts			Mathematics		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 8:						
Advanced	4%	-	-	-	-	-
Mastery	31%	34%	-	23%	19%	-
Basic	40%	39%	-	39%	24%	-
Approaching basic	20%	20%	-	24%	48%	-
Unsatisfactory	4%	6%	-	14%	10%	-
Total	100%	100%	-	100%	100%	-

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

Schedule 8

The Graduation Exit Examination is no longer administered. This schedule is no longer applicable.

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

Southwest Louisiana Charter Academy Foundation, Inc.

iLEAP Tests

For the Year Ended June 30, 2016

Schedule 9

District Achievement Level Results Students	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3:						
Advanced		2%		N/A		
Mastery	6%	10%	5%	N/A	12%	2%
Basic	48%	39%	26%	N/A	46%	36%
Approaching basic	38%	30%	33%	N/A	24%	30%
Unsatisfactory	8%	19%	34%	N/A	17%	32%
Total	100%	100%	100%	N/A	100%	100%

District Achievement Level Results Students	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4:						
Advanced	-	2%	-	N/A	-	-
Mastery	5%	3%	9%	N/A	4%	13%
Basic	58%	38%	52%	N/A	39%	52%
Approaching basic	28%	41%	39%	N/A	31%	28%
Unsatisfactory	8%	15%	-	N/A	25%	6%
Total	100%	100%	100%	N/A	100%	100%

District Achievement Level Results Students	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5:						
Advanced				N/A		
Mastery	6%	14%	6%	N/A	12%	6%
Basic	32%	51%	66%	N/A	52%	63%
Approaching basic	39%	24%	20%	N/A	24%	22%
Unsatisfactory	22%	11%	8%	N/A	11%	9%
Total	100%	100%	100%	N/A	100%	100%

District Achievement Level Results Students	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6:						
Advanced	3%	-	2%	N/A	-	9%
Mastery	23%	7%	16%	N/A	4%	5%
Basic	53%	56%	47%	N/A	63%	51%
Approaching basic	20%	26%	30%	N/A	24%	25%
Unsatisfactory	-	9%	5%	N/A	8%	11%
Total	100%	100%	100%	N/A	100%	100%

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

Southwest Louisiana Charter Academy Foundation, Inc.
iLEAP Tests
For the Year Ended June 30, 2016
(continued)

Schedule 9

District Achievement Level Results Students	Science			Social Studies		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 7:						
Advanced	-	-	-	N/A	-	4%
Mastery	11%	12%	16%	N/A	8%	13%
Basic	44%	41%	40%	N/A	51%	49%
Approaching basic	31%	26%	34%	N/A	29%	25%
Unsatisfactory	14%	21%	9%	N/A	11%	7%
Total:	100%	100%	100%	N/A	100%	100%

District Achievement Level Results Students	Science			Social Studies		
	2016 Percent	2015 Percent	2014 Percent	2016 Percent	2015 Percent	2014 Percent
Grade 8:						
Advanced	-	-	-	N/A	-	-
Mastery	9%	-	-	N/A	-	-
Basic	39%	27%	-	N/A	42%	-
Approaching basic	41%	47%	-	N/A	40%	-
Unsatisfactory	11%	25%	-	N/A	17%	-
Total:	100%	100%	-	N/A	100%	-

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