



**Shreveport Charter Schools, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

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# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Shreveport Charter Schools, Inc.  
Shreveport, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shreveport Charter Schools, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shreveport Charter Schools, Inc. 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.

#### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, on July 1, 2022, Shreveport Charter Schools, Inc. adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to that matter.

#### ***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 Shreveport Charter Schools, Inc.'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 auditors' 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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 paid to the board of trustees and the schedule of compensation, benefits and other payments to agency head are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations*

Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to the board of trustees, the schedule of compensation, benefits and other payments to agency head, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

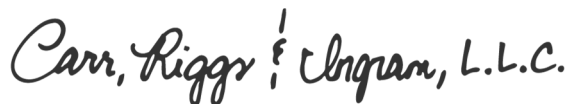
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Performance and Statistical Data Schedules Required by Louisiana State Law, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, on our consideration of Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s internal control over financial reporting and compliance.



**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
January 3, 2024



# FINANCIAL STATEMENTS



**Shreveport Charter Schools, Inc.**  
**Statements of Financial Position**

| <i>June 30,</i>                           | <b>2023</b>         | 2022                |
|---|---------------------|---------------------|
| <b>Assets</b>                             |                     |                     |
| Current assets                            |                     |                     |
| Cash                                      | \$ 5,129,137        | \$ 4,069,099        |
| Grants and other receivables              | 2,258,813           | 2,815,631           |
| Prepaid expenses and other current assets | 112,483             | 16,640              |
| <b>Total current assets</b>               | <b>7,500,433</b>    | <b>6,901,370</b>    |
| Property and equipment                    |                     |                     |
| Furniture, fixtures and equipment         | 464,005             | 377,511             |
| Playground equipment                      | 35,591              | 35,591              |
| Projects                                  | 420,327             | 268,547             |
| Textbooks                                 | 218,730             | 208,222             |
| Kitchen equipment                         | 68,475              | 68,475              |
| IT equipment                              | 1,311,463           | 1,161,222           |
| Title I equipment                         | 183,963             | 183,963             |
| Audio equipment                           | 108,651             | 108,651             |
| Leasehold improvements                    | 572,208             | 156,213             |
| Vehicles                                  | 78,900              | 78,900              |
| Land                                      | 95,639              | 95,639              |
| Construction in progress                  | 622,967             | 488,796             |
| Less: accumulated depreciation            | (1,877,818)         | (1,442,888)         |
| <b>Property and equipment, net</b>        | <b>2,303,101</b>    | <b>1,788,842</b>    |
| <b>Total assets</b>                       | <b>\$ 9,803,534</b> | <b>\$ 8,690,212</b> |
| <b>Liabilities and Net Assets</b>         |                     |                     |
| Current liabilities                       |                     |                     |
| Accounts payable                          | \$ 342,346          | \$ 209,972          |
| Accrued expenses                          | 95,859              | 263,940             |
| Accrued payroll and benefits              | 811,399             | 726,385             |
| <b>Total current liabilities</b>          | <b>1,249,604</b>    | <b>1,200,297</b>    |
| <b>Total liabilities</b>                  | <b>1,249,604</b>    | <b>1,200,297</b>    |
| Net assets                                |                     |                     |
| Without donor restrictions                | 8,553,930           | 7,489,915           |
| With donor restrictions                   | -                   | -                   |
| <b>Total net assets</b>                   | <b>8,553,930</b>    | <b>7,489,915</b>    |
| <b>Total liabilities and net assets</b>   | <b>\$ 9,803,534</b> | <b>\$ 8,690,212</b> |

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



**Shreveport Charter Schools, Inc.**  
**Statement of Activities**

| <i>For the year ended June 30, 2023</i> | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| <b>Support and revenue</b>              |                               |                            |                     |
| State public school funding             | \$ 11,778,348                 | \$ -                       | \$ 11,778,348       |
| Federal grants                          | 4,971,181                     | -                          | 4,971,181           |
| Federal school lunch program            | 1,086,991                     | -                          | 1,086,991           |
| Other income                            | 166,123                       | -                          | 166,123             |
| Interest income                         | 3,795                         | -                          | 3,795               |
| <b>Total support and revenue</b>        | <b>18,006,438</b>             | <b>-</b>                   | <b>18,006,438</b>   |
| <b>Expenses</b>                         |                               |                            |                     |
| Program services                        |                               |                            |                     |
| Education programs                      | 13,102,304                    | -                          | 13,102,304          |
| Supporting services                     |                               |                            |                     |
| Management and general                  | 3,840,119                     | -                          | 3,840,119           |
| <b>Total expenses</b>                   | <b>16,942,423</b>             | <b>-</b>                   | <b>16,942,423</b>   |
| <b>Change in net assets</b>             | <b>1,064,015</b>              | <b>-</b>                   | <b>1,064,015</b>    |
| Net assets, beginning of year           | 7,489,915                     | -                          | 7,489,915           |
| <b>Net assets, end of year</b>          | <b>\$ 8,553,930</b>           | <b>\$ -</b>                | <b>\$ 8,553,930</b> |

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

**Shreveport Charter Schools, Inc.**  
**Statement of Activities**

| <i>For the year ended June 30, 2022</i> | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| <b>Support and revenue</b>              |                               |                            |                   |
| State public school funding             | \$ 11,246,292                 | \$ -                       | \$ 11,246,292     |
| Federal grants                          | 4,736,035                     | -                          | 4,736,035         |
| Federal school lunch program            | 1,325,865                     | -                          | 1,325,865         |
| Other income                            | 57,173                        | -                          | 57,173            |
| Interest income                         | 1,764                         | -                          | 1,764             |
| <b>Total support and revenue</b>        | <b>17,367,129</b>             | <b>-</b>                   | <b>17,367,129</b> |
| <b>Expenses</b>                         |                               |                            |                   |
| Program services                        |                               |                            |                   |
| Education programs                      | 12,186,845                    | -                          | 12,186,845        |
| Supporting services                     |                               |                            |                   |
| Management and general                  | 3,722,843                     | -                          | 3,722,843         |
| <b>Total expenses</b>                   | <b>15,909,688</b>             | <b>-</b>                   | <b>15,909,688</b> |
| <b>Change in net assets</b>             | <b>1,457,441</b>              | <b>-</b>                   | <b>1,457,441</b>  |
| Net assets, beginning of year           | 6,032,474                     | -                          | 6,032,474         |
| Net assets, end of year                 | \$ 7,489,915                  | \$ -                       | \$ 7,489,915      |

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

**Shreveport Charter Schools, Inc.**  
**Statement of Functional Expenses**

| <i>For the year ended June 30, 2023</i> | Program<br>Services<br><hr/> Education<br>Programs | Supporting<br>Services<br><hr/> Management<br>and General | Total<br>Expenses    |
|---|--|---|----------------------|
| Salaries                                | \$ 7,661,019                                       | \$ 1,999,946  | \$ 9,660,965         |
| Benefits                                | 872,692  | 301,591   | 1,174,283            |
| Supplies and materials                  | 778,811  | 131,424   | 910,235              |
| Food service                            | 836,037  | -   | 836,037              |
| Payroll taxes                           | 583,301  | 149,564   | 732,865              |
| Contracted and vendor services          | 573,369  | 57,883  | 631,252              |
| Transportation                          | 496,356  | -   | 496,356              |
| Depreciation                            | 434,930  | -   | 434,930              |
| Insurance                               | 159,025  | 165,183   | 324,208              |
| Utilities                               | 301,990  | -   | 301,990              |
| Professional services                   | 54,326   | 233,262   | 287,588              |
| Management fees                         | -  | 255,396   | 255,396              |
| Travel                                  | 68,482   | 172,337   | 240,819              |
| Administration fees                     | -  | 239,385   | 239,385              |
| Repairs and maintenance                 | 118,252  | -   | 118,252              |
| Student services                        | 111,422  | -   | 111,422              |
| Marketing and recruitment               | -  | 109,256   | 109,256              |
| Athletic activities                     | 35,311   | -   | 35,311               |
| Office expense                          | 16,981   | 14,090  | 31,071               |
| Dues and fees                           | -  | 7,439   | 7,439                |
| Other                                   | -  | 3,363   | 3,363                |
| <b>Total Expenses</b>                   | <b>\$ 13,102,304</b>                               | <b>\$ 3,840,119</b>                                       | <b>\$ 16,942,423</b> |

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

**Shreveport Charter Schools, Inc.**  
**Statement of Functional Expenses**

| <i>For the year ended June 30, 2022</i> | Program<br>Services<br><hr/> Education<br>Programs | Supporting<br>Services<br><hr/> Management<br>and General | Total<br>Expenses    |
|---|--|---|----------------------|
| Salaries                                | \$ 6,925,367                                       | \$ 1,925,647  | \$ 8,851,014         |
| Benefits                                | 800,622  | 333,441   | 1,134,063            |
| Food service                            | 970,437  | -   | 970,437              |
| Contracted and vendor services          | 709,296  | 92,596  | 801,892              |
| Supplies and materials                  | 567,023  | 105,912   | 672,935              |
| Payroll taxes                           | 540,210  | 132,560   | 672,770              |
| Transportation                          | 472,945  | -   | 472,945              |
| Insurance                               | 131,636  | 216,965   | 348,601              |
| Depreciation                            | 301,437  | -   | 301,437              |
| Professional services                   | 57,503   | 230,551   | 288,054              |
| Utilities                               | 258,186  | -   | 258,186              |
| Administration fees                     | -  | 230,870   | 230,870              |
| Management fees                         | -  | 227,265   | 227,265              |
| Travel                                  | 160,642  | 62,570  | 223,212              |
| Repairs and maintenance                 | 200,515  | -   | 200,515              |
| Marketing and recruitment               | -  | 115,970   | 115,970              |
| Athletic activities                     | 39,857   | -   | 39,857               |
| Student services                        | 33,857   | -   | 33,857               |
| Other                                   | -  | 31,748  | 31,748               |
| Office expense                          | 17,312   | 7,395   | 24,707               |
| Dues and fees                           | -  | 9,353   | 9,353                |
| <b>Total Expenses</b>                   | <b>\$ 12,186,845</b>                               | <b>\$ 3,722,843</b>                                       | <b>\$ 15,909,688</b> |

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

**Shreveport Charter Schools, Inc.**  
**Statements of Cash Flows**

| <i>For the years ended June 30,</i>  | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |
| Change in net assets   | \$ 1,064,015        | \$ 1,457,441        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities |                     |                     |
| Depreciation   | 434,930             | 301,437             |
| Amortization of right-of-use lease assets  | 284,038             | -                   |
| (Increase) decrease in   |                     |                     |
| Grants and other receivables   | 556,818             | (1,036,544)         |
| Prepaid expenses and other current assets  | (95,843)            | (3,317)             |
| Increase (decrease) in   |                     |                     |
| Accounts payable   | 132,374             | 182,050             |
| Accrued expenses   | (168,081)           | 78,510              |
| Accrued payroll and benefits   | 85,014              | 164,062             |
| Operating lease liability  | (284,038)           | -                   |
| <b>Net cash provided by (used in) operating activities</b>   | <b>2,009,227</b>    | <b>1,143,639</b>    |
| <b>Cash flows from investing activities</b>  |                     |                     |
| Purchase of property and equipment   | (949,189)           | (1,027,559)         |
| <b>Net cash provided by (used in) investing activities</b>   | <b>(949,189)</b>    | <b>(1,027,559)</b>  |
| Net change in cash   | 1,060,038           | 116,080             |
| Cash - beginning of year   | 4,069,099           | 3,953,019           |
| <b>Cash - end of year</b>  | <b>\$ 5,129,137</b> | <b>\$ 4,069,099</b> |
| <b>Schedule of certain cash flow information</b>   |                     |                     |
| Cash paid for interest   | \$ -                | \$ -                |
| <b>Schedule of noncash transactions</b>  |                     |                     |
| Lease liabilities arising from obtaining right-of-use assets   |                     |                     |
| Operating leases   | \$ 284,038          | \$ -                |

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

## **Shreveport Charter Schools, Inc.** **Notes to the Financial Statements**

### **Note 1: NATURE OF ORGANIZATION**

Shreveport Charter School, Inc., charter holder for Linwood Public Charter School, a nonprofit organization, was incorporated on January 27, 2009. Effective December 22, 2011, Shreveport Charter School, Inc. changed its corporate name to Shreveport Charter Schools, Inc. (the School). The School is an educational institution servicing grades Pre-K through 8 for residents in Caddo Parish, Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the School effective July 1, 2009, for an initial term of three years. BESE extended the charter for an additional two year period. BESE had the option to terminate or revoke the charter at any time if the School failed to comply with certain terms of the agreement. The charter allowed for a type 5 charter to be operated in the Louisiana Recovery School District, as defined in the LA R.S. 17:3992 and 3998. Effective July 1, 2014, BESE renewed the charter contract for three years through June 30, 2017. The charter was not extended beyond June 30, 2017.

Since the charter contract was not renewed, Shreveport Charter Schools, Inc. alternatively has entered into management agreements each year with the Louisiana Department of Education through its Recovery School District for the 2018 – 2022 school years to manage and operate the school. The 2021 – 2022 agreement terminated on June 30, 2022. Another management agreement with the Louisiana Department of Education through its Recovery School District was in effect for the 2022 – 2023 school year and terminated on June 30, 2023. Another agreement was effective as of July 1, 2023. See Note 10 Subsequent Events.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Shreveport Charter Schools, Inc.**  
**Notes to the Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Cash and Cash Equivalents***

Cash consists of demand deposit balances and represents cash available for general operating purposes. Cash equivalents include all highly liquid investments with an original maturity of 90 days or less. The School did not have any cash equivalents at June 30, 2023 or 2022.

***Grants and Other Receivables***

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for doubtful accounts, as management believes all remaining receivables are fully collectible.

The School received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at the year-end are stated at unpaid balances for expenditures incurred during the year.

***Property and Equipment***

All acquisitions of property and equipment greater than \$3,000 individually or greater than \$5,000 in aggregate and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost. Contributed property and equipment is recorded at approximate fair value at the date of donation. Normal building maintenance and minor equipment purchases are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (three to fifteen years).

|   |              |
|---|--------------|
| Furniture, fixtures, equipment, projects, and textbooks | 3 - 15 Years |
| Leasehold improvements                                  | 5 - 15 Years |
| Vehicles  | 5 Years      |

Depreciation expense totaled \$434,930 and \$301,437, respectively, for the years ended June 30, 2023 and 2022.

Assets purchased with public funds will revert to the Louisiana Board of Elementary and Secondary Education at the time this agreement is terminated. See Note 6.

***Compensated Absences***

Salaried non-contracted employees are provided between 10 - 25 days of paid time off annually, and may carry over any unused time off into the next year at the rate of one-half of the employee's annualized accrual rate plus the prior year's rollover balance. Contracted employees who work the academic year schedule which includes time off during the school year and summer to not accrue paid time off.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Leases***

The School leases vehicles. Management determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position when applicable. At June 30, 2023, there are no ROU assets or operating lease liabilities, see Note 5.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, management uses the fitted yield on zero coupon bonds based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, management considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

***Net Assets***

The School reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the School, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Some net assets without donor restrictions may be designated by the governing board of the School for specific purposes. The governing board has not designated, from net assets without donor restrictions, any net assets for a specific purpose as of June 30, 2023 or 2022.



## Shreveport Charter Schools, Inc. Notes to the Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Net Assets (Continued)***

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. There were no net assets with donor restrictions as of June 30, 2023 or 2022.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### ***Revenue Recognition***

A significant portion of the School's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. The Recovery School District withholds 2% of the gross funding each fiscal year.

#### ***Donated Assets***

Noncash donations are recorded as contributions at their fair values at the date of donation.

## Shreveport Charter Schools, Inc. Notes to the Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

#### ***Functional Expense Allocation***

Directly identifiable expenses are charged to program and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area.

#### ***Advertising Costs***

The School uses advertising to promote its services among the population it serves. Advertising costs are charged to expense when incurred. During the years ended June 30, 2023 and 2022, advertising expenses totaled \$84,691 and \$80,481, respectively.

#### ***Income Taxes***

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School is also exempt from Louisiana state income taxes. However, income, if any, from certain activities not directly related to the School's tax exempt purpose is subject to taxation as unrelated business income.

The School utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the School has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 3, 2024. See Note 10 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Shreveport Charter Schools, Inc.**  
**Notes to the Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Adopted Accounting Guidance***

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASU] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statement to assess the amount, timing, and uncertainty of cash flows arising from leases

The School adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available. As of July 1, 2022, the School recognized \$284,038 of ROU assets and lease liabilities for operating leases.

**Note 3: LIQUIDITY OF FINANCIAL ASSETS**

As part of the School's liquidity management, it maintains its funds in cash operating accounts in order to meet the needs of general expenditures, liabilities or other obligations as they come due. Revenue from the Minimum Foundation Program and sources other than federal grants are not restricted for specific purposes and are available for general expenditure. The financial assets available to meet cash needs for general expenditures within one year of the financial position date are as follows:

| <i>June 30,</i>  | <b>2023</b>  | 2022         |
|--|--------------|--------------|
| Cash   | \$ 5,129,137 | \$ 4,069,099 |
| Grant and other receivables  | 2,258,813    | 2,815,631    |
| Total financial assets available to meet<br>general expenditures within one year | \$ 7,387,950 | \$ 6,884,730 |

**Note 4: GRANTS AND OTHER RECEIVABLES**

At June 30, 2023 and 2022, grants and other receivables totaled \$2,258,813 and \$2,815,631, respectively, which were primarily for federal and state grants passed through the Louisiana Department of Education. The stated balances are considered fully collectible.

**Shreveport Charter Schools, Inc.**  
**Notes to the Financial Statements**

**Note 5: LEASES**

The School had a three year operating lease for vehicles that expired on June 30, 2023, and various month to month operating leases for equipment. The operating lease for vehicles expired June 30, 2023, as such, there were no right-of-use assets or lease liabilities at June 30, 2023, nor outstanding commitments related to this lease.

The components of lease expense for the year ended June 30, 2023 were as follows:

| <i>For the year ended June 30,</i> | <b>2023</b> |
|------------------------------------|-------------|
| Operating lease cost               | \$ 288,000  |
| Short-term lease cost              | 16,981      |
| Total operating lease costs        | \$ 304,981  |

The School entered into a new three-year operating lease agreements for vehicles effective July 1, 2023 with minimum payments due of \$1,653,000.

Rent expense for year ended June 30, 2022 was \$300,586. Minimum lease payments under noncancellable operating leases at June 30, 2022 were as follows:

| <i>For the year ending June 30,</i> |            |
|-------------------------------------|------------|
| 2023                                | \$ 288,000 |
| Total                               | \$ 288,000 |

**Note 6: USE OF SCHOOL FACILITIES**

Effective July 1, 2009, the School entered into an agreement with BESE, which allows the School to use the facilities and its contents located at 401 West 70<sup>th</sup> Street, Shreveport, Louisiana 71106. The agreement expired on June 30, 2012, and BESE granted extensions for an additional two years ending June 30, 2014, and for an additional three years ending June 30, 2017. The School entered into a management agreement with the Louisiana Department of Education through its Recovery School District each year for the 2018 – 2021 school years which allowed for continued use of the school facilities and contents. The 2020 – 2021 agreement terminated on June 30, 2021. A new management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2021 and allowed the School to continue to operate for the 2021 – 2022 school year and continue to use its current facility. A new management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2022 and allowed the School to continue to operate for the 2022 – 2023 school year and continue to use its current facility.

## Shreveport Charter Schools, Inc. Notes to the Financial Statements

### **Note 6: USE OF SCHOOL FACILITIES (Continued)**

A new management agreement with the Louisiana Department of Education through its Recovery School District is effective as of July 1, 2023 and allowed the School to continue to operate for the 2023 – 2024 school year and continue to use its current facility. See Note 10 Subsequent Events.

The School is not required to provide for the type of extensive repair to buildings or facilities that would be considered to be a capital expense. Any physical additions or improvements to the property are required to be provided by the Caddo Parish School Board pursuant to LA R.S. 17:1990. Any assets acquired by the School are the property of the School for the duration of the management agreement. Upon termination of the agreement the School may retain cash on hand and assets necessary to carry out closeout operations for the School. The School shall transfer or dispose of assets and cash on hand attributable to public funding as directed by the Recovery School District. Capital assets acquired by the School with non-public funds will remain the property of the School. The School must maintain records of any cash and assets acquired with private funds that will remain the property of the School.

The School is responsible for all necessary maintenance and repairs to ensure that the facilities comply with all state and local fire, life, and safety codes and other applicable laws, regulations and rules.

Use of the property is not recorded as an in-kind contribution from or related rent expense to Recovery School District. The value of the use of land and the building is not readily determinable. Accordingly, the present value of the benefit to be received in the future years has not been recorded.

### **Note 7: RISK MANAGEMENT AND LITIGATION**

The School is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2023 and 2022.

The School is also involved in litigation arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations. The School has commercial liability insurance covering such matters.

**Note 8: CONCENTRATIONS AND CREDIT RISK**

The School received 65% of its total revenues from the State of Louisiana, subject to its charter school contract with the state for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, 100% and 100%, respectively, of the School's grants and other receivables were due from the State of Louisiana.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The School also had securities pledged on any cash deposits not secured by the FDIC. At June 30, 2023 and 2022, the School's deposits were fully insured or collateralized.

**Note 9: COMMITMENTS AND CONTINGENCIES**

***Paycheck Protection Program***

In April 2020, the School received a forgivable loan in the amount of \$1,385,415 under the Paycheck Protection Program ("PPP"), pursuant to the CARES Act and administered by the Small Business Administration ("SBA"). In June 2021, the School formally received forgiveness of the PPP loan from the SBA. Loans issued in excess of \$2 million are subject to audit by the SBA. The School may be required to return a portion of the loan proceeds at the conclusion of the SBA audit. Any proceeds required to be returned will be repaid under the statutory terms of the PPP Program, including interest at 1%. For PPP loans greater than \$150,000, the borrower must retain all records relating to the borrower's PPP loan for six years from the date the loan is forgiven or repaid in full.

***Construction Commitments***

At June 30, 2023, the School has construction commitments related to renovations to their second campus totaling \$3,265,000.

**Note 10: SUBSEQUENT EVENTS**

Effective as of July 1, 2023, Shreveport Charter Schools, Inc. entered into a Management Agreement with the Louisiana Department of Education through its Recovery School District to manage and operate the school under the oversight of the Recovery School District for the 2023 – 2024 school year. The agreement will terminate on June 30, 2024. At that time a new management agreement will be executed with Shreveport Charter Schools, Inc. or a new charter operator will be identified and take over management and operations of the School.

**Shreveport Charter Schools, Inc.**  
**Notes to the Financial Statements**

**Note 10: SUBSEQUENT EVENTS (Continued)**

Subsequent to year end, the School purchased a \$1,000,000 certificate of deposit, and entered into a \$1,000,000 line of credit agreement with a bank. The line of credit bears interest at 5.45% and matures in September 2024. The line of credit is secured by the certificate of deposit. No amounts had been borrowed on the line of credit as of January 3, 2024.

Subsequent to year end, the School entered into a three-year operating lease agreements for vehicles effective July 1, 2023 with minimum payments due of \$1,653,000.

Management has evaluated all subsequent events through January 3, 2024, the date which the financial statements were available to be issued.



## SUPPLEMENTARY INFORMATION





**Shreveport Charter Schools, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

| Federal Grantor/Pass-Through Grantor/Program Title   | Assistance Listing Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------------|-------------------------------|---------------------------------|----------------------------|
| <b>United States Department of Education</b>   |                           |                               |                                 |                            |
| Passed through Louisiana Department of Education   |                           |                               |                                 |                            |
| Title I Grants to Local Educational Agencies   | 84.010                    | S010A180018                   | \$ -                            | \$ 863,344                 |
| Title I Grants to Local Educational Agencies   | 84.010                    | S010A200018                   | -                               | 172,135                    |
| Total Title I Grants to Local Educational Agencies   |                           |                               | -                               | 1,035,479                  |
| Supporting Effective Instruction State Grants  | 84.367                    | S367A180017                   | -                               | 94,793                     |
| Student Support and Academic Enrichment Program  | 84.424                    | S42A180019                    | -                               | 350                        |
| Comprehensive Literacy Development   | 84.371                    | S371C200018                   | -                               | 87,500                     |
| Education Stabilization Fund (ESF)   | 84.425                    |                               |                                 |                            |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund                       | 84.425D                   | S425D200003                   | -                               | 109,600                    |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund                       | 84.425D                   | S425D210003                   |                                 | 370,124                    |
| COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U                   | S425U210003                   | -                               | 3,031,536                  |
| Total Education Stabilization Fund (ESF)   |                           |                               | -                               | 3,511,260                  |
| Special Education Cluster  |                           |                               |                                 |                            |
| Special Education - Grants to States (IDEA, Part B)  | 84.027                    | H027A180033                   | -                               | 229,302                    |
| Special Education - Grants to States (IDEA, Part B)  | 84.027                    | H027A220033                   |                                 | 10,218                     |
| Special Education - Preschool Grants (IDEA Preschool)  | 84.173                    | H173A180082                   | -                               | 2,279                      |
| Total Special Education Cluster  |                           |                               | -                               | 241,799                    |
| Total United States Department of Education  |                           |                               | -                               | 4,971,181                  |
| <b>United States Department of Agriculture</b>   |                           |                               |                                 |                            |
| Passed through Louisiana Department of Education   |                           |                               |                                 |                            |
| Child and Adult Care Food Program (CACFP)  | 10.558                    | N/A                           | -                               | 72,921                     |
| Child Nutrition Cluster  |                           |                               |                                 |                            |
| National School Lunch Program (NSLP)   | 10.555                    | N/A                           | -                               | 947,218                    |
| Summer Food Service Program for Children (SFSP)  | 10.559                    | N/A                           | -                               | 29,577                     |
| Fresh Fruit and Vegetable Program (FFVP)   | 10.582                    | N/A                           | -                               | 37,275                     |
| Total Child Nutrition Cluster  |                           |                               | -                               | 1,014,070                  |
| Total United States Department of Agriculture  |                           |                               | -                               | 1,086,991                  |
| Total expenditures of federal awards   |                           |                               | \$ -                            | \$ 6,058,172               |

*See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.*

**Shreveport Charter Schools, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation***

The accompanying schedule of expenditures of federal awards includes the federal spending of Shreveport Charter Schools, Inc. (the School) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not represent the financial position of the School.

**Note 2: INDIRECT COST RATE**

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended June 30, 2023, the School did not elect to use this rate.

**Note 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**Note 4: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES**

The School did not have any federal loans or loan guarantees outstanding during the year ended June 30, 2023.

**Note 5: SUBRECIPIENTS**

During the year ended June 30, 2023, the School had no subrecipients.

**Note 6: NONCASH ASSISTANCE AND OTHER**

The School did not receive any noncash assistance or federally funded insurance during the year ended June 30, 2023.

**Shreveport Charter Schools, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

**Note 7: CONTINGENCIES**

Grant monies received and disbursed by the School are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the School does not believe that such disallowance, if any, would have a material effect on the financial position of the School.

**Note 8: FEDERAL PASS-THROUGH FUNDS**

The School is also the subrecipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

**Shreveport Charter Schools, Inc.**  
**Schedule of Compensation Paid to the Board of Trustees**  
**For the year ended June 30, 2023**

There was no compensation paid to the Board of Trustees for the year ended June 30, 2023.

*See Independent Auditors' Report.*

**Shreveport Charter Schools, Inc.**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**For the year ended June 30, 2023**

**Agency Head Name: Dr. Staughton Jennings, Executive Director**

| <b>Purpose</b>     | <b>Amount</b> |
|--------------------|---------------|
| Salary             | \$ 135,135    |
| State Stipend      | 4,000         |
| Other Stipend      | 2,425         |
| Bonus              | 13,000        |
| Benefits-insurance | 21,079        |
| Dues               | 2,339         |
| Travel             | 4,510         |

*See Independent Auditors' Report.*

**Shreveport Charter Schools, Inc.**  
**Schedules Required by Louisiana State Law (R.S. 24:514)**  
**Performance and Statistical Data**  
**As of and 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, 21-26, 27-33, and 34+ students.

**Shreveport Charter Schools, Inc.**  
**General Fund Instructional and Support Expenditures and**  
**Certain Local Revenue Sources**  
**For the year ended June 30, 2023**  
**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

|  |              |
|--|--------------|
| General Fund Instructional Expenditures          |              |
| Teacher and Student Interaction Activities       |              |
| Classroom Teacher Salaries                       | \$ 3,184,572 |
| Other Instructional Staff Activities             | 927,378      |
| Instructional Staff Employee Benefits            | 1,098,101    |
| Purchased Professional and Technical Services    | 351,987      |
| Instructional Materials and Supplies             | 631,292      |
| Instructional Equipment                          | 116,229      |
| Total Teacher and Student Interaction Activities | \$ 6,309,559 |
| Other Instructional Activities                   | 89,137       |
| Pupil Support Activities                         | 360,081      |
| Less: Equipment for Pupil Support Activities     | -            |
| Net Pupil Support Activities                     | 360,081      |
| Instructional Staff Services                     | 634,490      |
| Less: Equipment for Instructional Staff Services | -            |
| Net Instructional Staff Services                 | 634,490      |
| School Administration                            | 1,852,761    |
| Less: Equipment for School Administration        | ( 37,486)    |
| Net School Administration                        | 1,815,275    |
| Total General Fund Instructional Expenditures    | \$ 9,208,542 |
| Total General Fund Equipment Expenditures        | \$ 153,715   |

**Certain Local Revenue Sources**

|   |      |
|---|------|
| Local Taxation Revenue  |      |
| Constitutional Ad Valorem Taxes   | \$ - |
| Renewable Ad Valorem Tax  | -    |
| Debt Service Ad Valorem Tax   | -    |
| Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes | -    |
| Sales and Use Taxes   | -    |
| Total Local Taxation Revenue  | \$ - |
| Local Earnings on Investment in Real Property:                          |      |
| Earnings from the 16th Section Property                                 | \$ - |
| Earnings from Other Real Property                                       | -    |
| Total Local Earnings on Investment in Real Property                     | \$ - |
| State Revenue in Lieu of Taxes  |      |
| Revenue Sharing - Constitutional Tax                                    | \$ - |
| Revenue Sharing - Other Taxes   | -    |
| Revenue Sharing - Excess Portion  | -    |
| Other Revenue in Lieu of Taxes  | -    |
| Total State Revenue in Lieu of Taxes                                    | \$ - |
| Nonpublic Textbook Revenue  | \$ - |
| Nonpublic Transportation Revenue  | \$ - |

*See Independent Auditors' Report.*

**Shreveport Charter Schools, Inc.**  
**Class Size Characteristics**  
**As of October 1, 2022**  
**Schedule 2**

| School Type                 | Class Size Range |        |         |        |         |        |         |        |
|-----------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
|                             | 1 - 20           |        | 21 - 26 |        | 27 - 33 |        | 34+     |        |
|                             | Percent          | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary                  | 38%              | 96     | 52%     | 131    | 9%      | 22     | 0%      | 1      |
| Elementary Activity Classes | 47%              | 14     | 43%     | 13     | 10%     | 3      | 0%      | -      |

**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.





# REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS





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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**

To the Board of Trustees  
Shreveport Charter Schools, Inc.  
Shreveport, 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 Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 3, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Charter Schools, Inc.'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.

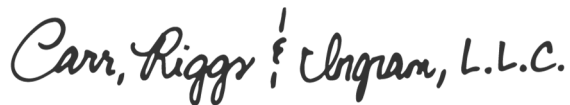
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shreveport Charter Schools, Inc.'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 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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.



**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
January 3, 2024



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

To the Board of Trustees  
Shreveport Charter Schools, Inc.  
Shreveport, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Shreveport Charter Schools, Inc.'s 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 Shreveport Charter Schools, Inc.'s major federal programs for the year ended June 30, 2023. Shreveport Charter Schools, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Shreveport Charter Schools, 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Shreveport Charter Schools, Inc. 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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s federal programs.

### ***Auditors' 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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'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 Shreveport Charter Schools, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, L.L.C.*

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
January 3, 2024

**Shreveport Charter Schools, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2023**

**Section I – Summary of Auditors’ Results**

***Financial Statements***

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | No         |

***Federal Awards***

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major programs  | Unmodified |
| 2. Internal control over major programs:   |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                             | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No         |
| 4. Identification of major programs  |            |

| <b>Assistance Listing Number</b> | <b>Federal Program</b>                       |
|----------------------------------|--|
| 84-010                           | Title I Grants to Local Educational Agencies |
| 84.425D, 84.425U                 | Education Stabilization Fund (ESF)           |

- |  |           |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520                        | Yes       |

**Shreveport Charter Schools, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2023**

**Section II – Financial Statement Findings**

**None**

**Section III – Federal Awards Findings And Questioned Costs**

No matters were reported.

**Section IV – Prior Year Findings And Questioned Costs**

**Condition:** The School's audited financial statements for the fiscal year ending June 30, 2022 were not submitted to the Louisiana Legislative Auditor within the six month deadline per R.S. 24:513 A (5)(a)(i).

**Status:** Finding was resolved.





# AGREED-UPON PROCEDURES





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## **Independent Accountants' Report on Applying Agreed-Upon Procedures**

To the Board of Trustees  
Shreveport Charter Schools, 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 financial statements of Shreveport Charter Schools, Inc. 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 Shreveport Charter Schools, Inc. is responsible for its performance and statistical data.

Shreveport Charter Schools, Inc. 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 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

Results: No exceptions were identified.

#### Class Size Characteristics (Schedule 2)

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

Results: No exceptions were identified.

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

3. We obtained October 1<sup>st</sup> PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: We identified one exception where the individual's education level on the PEP data prepared by management was not properly classified. No exceptions were identified related to experience on the PEP data prepared by management.

#### Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Results: No exceptions were identified.

We were engaged by Shreveport Charter Schools, Inc. 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 Shreveport Charter Schools, Inc. 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 financial statements of Shreveport Charter Schools, Inc., as required by Louisiana Revised Statute 24:514 I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Carr, Riggs & Ingram, L.L.C.*

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
January 3, 2024