SOUTH LOUISIANA CHARTER FOUNDATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2015

P&N Postlethwaite & Netterville
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SOUTH LOUISIANA CHARTER FOUNDATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
South Louisiana Charter Foundation, Inc.
Baton Rouge, Louisiana:

Report on the Financial Statements

We have audited the accompanying financial statements of South Louisiana Charter Foundation, Inc. (the Foundation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Louisiana Charter Foundation as of June 30, 2015, 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 financial statements as a whole. The performance and statistical data included as Schedules 1 through 9 is presented as supplementary information required by Louisiana State Law and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015, on our consideration of South Louisiana Charter 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 South Louisiana Charter Foundation's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2015

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

CURRENT ASSETS:	
Cash	$ 1,114,984
Cash - restricted	26,152
Grants receivable:	
Federal programs	472,224
Other receivables	46,918
Due from CSUSA	215,477
Due from CSUSA affiliate	1,362,344
Prepaid expenses and other	32,598
Total current assets	3,270,697
PROPERTY AND EQUIPMENT (NET):	32,580,275
NON-CURRENT ASSETS:	
Utility deposit	43,907
Other deposit	2,873
Total non-current assets	46,780
Total assets	$ 35,897,752

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	1,995,100
Accrued payroll and related expenses	452,972
Accrued other expenses	42,918
Accrued interest payable - short term portion	284,837
Capital lease payable - short term portion	526,674
Funds held in custody	26,152
Total current liabilities	3,328,653
LONG TERM LIABILITIES:	
Accrued interest payable	440,352
Capital lease payable	33,711,939
Total long-term liabilities	34,152,291
NET ASSETS (DEFICIT):	
Unrestricted	(1,583,192)
Total net assets (deficit)	(1,583,192)
Total liabilities and net assets	$ 35,897,752

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

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

Revenue, Grants and Other Support	
Minimum Foundation Program (MFP)	$ 15,757,499
Federal grants	1,290,097
Paid meals	15,288
Before and aftercare fees	74,720
Other income	11,219
Total unrestricted revenues and support	17,148,823
Expenses:	
Program services:	
Instructional - regular education programs	6,049,630
Pupil support services	899,354
Instructional staff support services	978,877
School administration	1,146,580
Operation and maintenance of plant services	3,866,312
Student transportation	177,496
Food services	856,521
Non-instructional expense	156,454
Management and general	
Business services	1,542,544
Central services	139,573
Debt service	2,935,948
Total expenses	18,749,289
Change in net assets	(1,600,466)
NET ASSETS AT BEGINNING OF THE YEAR	17,274
NET ASSETS (DEFICIT) AT END OF THE YEAR	$ (1,583,192)

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

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (1,600,466)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,120,510
Decrease (increase) in:	
Federal program receivables	(459,524)
Other receivables	(12,136)
Due from CSUSA	(149,089)
Due from CSUSA affiliate	(1,362,344)
Prepaid expenses and other	(15,425)
Other assets	(33,204)
Increase (decrease) in:	
Accounts payable	1,984,055
Accrued payroll and related expenses	239,401
Accrued other expenses	3,515
Funds held in custody	19,443
Net cash provided by operating activities	734,736
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(326,828)
Net cash used in investing activities	(326,828)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on capital leases	(320,388)
Accrued interest on capital leases	525,479
Net cash provided by financing activities	205,091
Net increase in cash	612,999
Beginning cash balance	528,137
Ending cash balance	$ 1,141,136
Supplemental disclosure of cash flow information	
Interest paid	$ 2,410,468
Supplemental schedule of noncash financing activities:	
Capital lease obligation incurred for use of building and equipment	$ 24,552,329

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

South Louisiana Charter Foundation, Inc. (the Foundation) is a Louisiana not-for-profit entity organized exclusively for educational purposes for providing high quality educational options for the students and families of Louisiana. For the 2014-2015 school year, the Foundation operated three elementary schools, Baton Rouge Charter Academy at Mid-City (Mid-City) and Iberville Charter Academy (Iberville), under Type 2 charter agreements pursuant to Louisiana Revised Statutes, Title 17, Chapter 42 with the Louisiana Board of Secondary Education (BESE), and South Baton Rouge Charter Academy (South Baton Rouge), under a Type 1 charter agreement pursuant to Louisiana Revised Statutes, Title 17, Chapter 42 with the East Baton Rouge Parish School Board. The Mid-City, Iberville, and South Baton Rouge charter agreements will terminate on June 30, 2017, June 30, 2018, and July 16, 2018, respectively, unless extended for a maximum initial term of five years, contingent upon the results of a review conducted after the completion of the third year of operation. Collectively, the schools had enrollment of approximately 1,300 students for the 2014-2015 school year.

Financial Statement Presentation

The Foundation follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

The Foundation also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The costs of providing various program and administrative services have been reported on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the various program and administrative services based on estimates made by management.

Use of Estimates

Management used estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds held in custody

The Foundation considers all student activity funds and unexpended income from these funds to be funds held in custody. All funds held in custody are recorded in the statement of financial position at their fair values.

Grants Receivable

Grants receivable represents amounts owed to the Foundation for costs incurred under federal and state grant contracts which are reimbursable to the Foundation. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible contracts receivable when management determines that the receivable will not be collected. Management feels that all receivables are collectible, and as such, no allowance for doubtful accounts has been established.

Public Support and Revenue Recognition

The Foundation receives grants from the private and public sectors. The public sector grants are for specific purposes and are passed through the Louisiana Department of Education. Additionally, the Foundation receives Minimum Foundation Program (MFP) funding from the Louisiana Department of Education through the Louisiana Board of Elementary and Secondary Education according to the per student funding formula set forth by the Department of Education and an apportionment of local taxes. Substantially all state grants and support are unrestricted as to use. A substantial portion of federal grants are expenditure driven and as such is classified as unrestricted in the Statement of Activities and Changes in Net Assets. The Foundation also receives federal support for food service that is based on the number of meals served to students. As such, revenue is recognized as meals are served.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. 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. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes all cash accounts held at financial institutions and cash on hand. At June 30, 2015, the balances in the cash accounts exceeded the amount insured by the Federal Deposit Insurance Corporation by approximately $970,000. Management, however, believes the credit risk associated with these deposits is minimal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Foundation expenses advertising costs as they are incurred. Such expenses totaled $668,412 during the fiscal year ended June 30, 2015.

Property and Equipment

The Foundation has adopted the practice of capitalizing all expenditures for depreciable assets for per unit cost which exceeds $750 or an asset purchase over $5,000. Property and equipment is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives ranging from 3 to 20 years. Maintenance and repairs are charged to expense when incurred. Leasehold improvements are amortized over 20 years.

Tax Exempt Status

The Foundation is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes as such no provision has been made for federal and state income taxes. If the Foundation would engage in activities unrelated to the purpose for which it was created, taxable income could result. The Foundation had no material unrelated business income for the fiscal year ended June 30, 2015.

The Foundation recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and other information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

2. GRANTS RECEIVABLE

Receivables due from other governmental agencies consists of $100,537 at June 30, 2015, represent amounts due from the Louisiana Department of Education for federal pass through grants under the Title I program, Title II program, and IDEA program. An additional $59,037 was due from the U.S. Department of Agriculture through the Louisiana Department of Education under the National School Lunch Program. The remaining $312,650 is due from the Louisiana Department of Education for Minimum Foundation Program revenues earned but not paid.

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2015:

Buildings and leasehold improvements	$ 32,670,416
Furniture & fixtures	1,176,217
Equipment and software	1,325,999
Total Cost	$ 35,172,632
Less: Accumulated Depreciation	(2,592,357)
Total Property and Equipment	$ 32,580,275

Depreciation expense for the year ending June 30, 2015 was $2,120,510.

4. FUNDS HELD IN CUSTODY

Collections from student activities are funds under the supervision of the Foundation; however, these funds belong to the schools or their student bodies and are not available for use in operations. At June 30, 2015 the Foundation held $26,152 in an agency capacity.

5. CONCENTRATION OF SUPPORT

The Foundation received 91.9% of its support from the MFP and 7.6% of its support from federal grants passed through the Louisiana Department of Education.

6. COMMITMENTS

The Foundation has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA shall be entitled to a management fee for its services. The management fee is 15% of revenues which shall be set forth within the approved annual budget or a lesser percentage if, as otherwise agreed to, by CSUSA. During the fiscal year, an agreement was reached to reduce the management fee based on the cash flow needs of the schools. The agreement allows the amount due from CSUSA to offset future management fee charges. As such, a receivable was recorded and is reflected as amounts due from CSUSA in the statement of financial position. At June 30, 2015, the amounts due from the management company totaled $215,477.

For the year ended June 30, 2015, the amount of compensation paid to CSUSA totaled $1,933,980 for operating the school as well as the aftercare program. These amounts are included in the statement of activities and changes in net assets as follows: $1,041,391 in business services, $703,462 in instructional staff support services and $189,127 in pupil support services.

Also, at June 30, 2015, the Foundation's accounts payable balance includes amounts due to CSUSA of $1,979,045 which $1,268,320 is related to unpaid management fees and $710,725 for other invoiced services.

7. CAPITAL LEASE

The Foundation has entered into 20 year capital lease agreements for property and athletic fields for each of the charter schools. The leases were initially held by an outside third party and all the rights, title and interest assumed by an affiliate of CSUSA at a later date. Payments are due in monthly installments and are considered late five days after the due date. A five percent late fee is assessed on any payment received after its schedules due date. No security deposit was required upon execution of this lease. Accrued interest payable related to these capital leases in the amount of $725,189 was outstanding at June 30, 2015.

The Foundation has also entered into capital equipment lease agreements for each of the schools which expire on dates ranging from May 31, 2018 to June 30, 2020. The equipment was originally purchased by the schools and then acquired by an affiliate of CSUSA in a sale and leaseback transaction. At June 30, 2015, the Foundation's receivable balance includes amounts due of $1,362,343 related to the sale of the leased equipment.

The future minimum lease payments under these capital lease obligations as of June, 30, 2015, are as follows:

Year ending June 30,	Amount
2016	$ 4,146,399
2017	4,186,826
2018	4,045,748
2019	3,877,548
2020	3,933,084
Thereafter	57,563,424
Total minimum lease payments	77,753,029
Less: amounts representing interest	(43,514,414)
Present value of minimum lease payments	$ 34,238,615
Less: current portion	(526,674)
Capital lease payable – long term	$ 33,711,939

8. FEDERAL GRANTS

The Foundation received federal assistance from the U.S. Department of Education for the Title I program, Title II program, and IDEA program passed through the Louisiana Department of Education which totaled $581,690, $25,216, and $81,846, respectively. In addition, the Foundation received $601,345 from the U.S. Department of Agriculture passed through the Louisiana Department of Education under the National School Lunch Program.

9. CONTINGENT LIABILITIES

The Foundation may from time-to-time be subject to claims and liabilities in the normal course of business. A general liability policy has been purchased to cover the costs of such claims. No such claims are outstanding as of June 30, 2015.

The continuation of the Foundation is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contracts with the Board of Elementary and Secondary Education and East Baton Rouge Parish School Board. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contracts, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contracts. The contracts shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

10. COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

Act 706 of the 2014 Legislative Session amends Louisiana Revised Statute (R.S.) 24:513 A and requires the disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

As noted in footnote 6, the Foundation outsources the management of its charter schools. For purposes of this state required disclosure the board president is considered the agency head. The board president, as well as, any other board member is not compensated for their services. A total of $664 was paid on behalf of the board members by the management company for various costs, including hotel and professional development costs during the fiscal year ended June 30, 2015.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 28, 2015 and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015

	Mid-City	South Baton Rouge	Iberville	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash	$ 616,545	$ 255,229	$ 243,210	$ 1,114,984
Cash - restricted	19,144	4,327	2,681	26,152
Grants receivable:				
Federal programs	109,700	339,768	22,756	472,224
Other receivables	(24,669)	43,376	28,211	46,918
Due from CSUSA	215,477	-	-	215,477
Due from CSUSA affiliate	-	662,672	699,672	1,362,344
Prepaid expenses and other	13,625	12,010	6,963	32,598
Total current assets	949,822	1,317,382	1,003,493	3,270,697
PROPERTY AND EQUIPMENT (NET):	9,301,193	13,510,713	9,768,369	32,580,275
NON-CURRENT ASSETS:				
Utility deposit	10,612	13,295	20,000	43,907
Other deposit	2,873	-	-	2,873
Total non-current assets	13,485	13,295	20,000	46,780
Total assets	$ 10,264,500	$ 14,841,390	$ 10,791,862	$ 35,897,752
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	9,142	1,117,794	868,164	1,995,100
Accrued payroll and related expenses	184,304	145,350	123,318	452,972
Accrued other expenses	10,513	21,832	10,573	42,918
Accrued interest payable - short term portion	97,863	107,973	79,001	284,837
Capital lease payable - short term portion	199,437	152,474	174,763	526,674
Funds held in custody	19,145	4,326	2,681	26,152
Total current liabilities	520,404	1,549,749	1,258,500	3,328,653
LONG TERM LIABILITIES:				
Accrued interest payable	27,723	238,206	174,423	440,352
Capital lease payable	9,613,164	13,954,059	10,144,716	33,711,939
Total long-term liabilities	9,640,887	14,192,265	10,319,139	34,152,291
NET ASSETS:				
Unrestricted	103,209	(900,624)	(785,777)	(1,583,192)
Total net assets	103,209	(900,624)	(785,777)	(1,583,192)
Total liabilities and net assets	$ 10,264,500	$ 14,841,390	$ 10,791,862	$ 35,897,752

See independent auditor's report.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

	Mid-City	South Baton Rouge	Iberville	Consolidated
Revenue, Grants and Other Support				
Minimum Foundation Program (MFP)	$ 6,706,939	$ 5,162,907	$ 3,887,653	$ 15,757,499
Federal grants	674,008	382,896	233,193	1,290,097
Paid meals	1,345	8,105	5,838	15,288
Before and aftercare fees	31,159	30,464	13,097	74,720
Other income	3,398	3,407	4,414	11,219
Total unrestricted revenues and support	7,416,849	5,587,779	4,144,195	17,148,823
Expenses:				
Program services:				
Instructional - regular education programs	2,488,850	2,108,681	1,452,099	6,049,630
Pupil support services	477,209	229,074	193,071	899,354
Instructional staff support services	489,200	225,901	263,776	978,877
School administration	477,506	349,777	319,297	1,146,580
Operation and maintenance of plant services	1,408,226	1,382,718	1,075,368	3,866,312
Student transportation	-	118,810	58,686	177,496
Food services	353,267	277,508	225,746	856,521
Non-instructional expense	49,161	50,111	57,182	156,454
Management and general				
Business services	606,304	497,900	438,340	1,542,544
Central services	19,056	106,619	13,898	139,573
Debt service	962,135	1,141,304	832,509	2,935,948
Total expenses	7,330,914	6,488,403	4,929,972	18,749,289
Change in net assets	85,935	(900,624)	(785,777)	(1,600,466)
NET ASSETS AT BEGINNING OF THE YEAR	17,274	-	-	17,274
NET ASSETS AT END OF THE YEAR	$ 103,209	$ (900,624)	$ (785,777)	$ (1,583,192)

See independent auditor's report.

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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 Directors for
South Louisiana Charter Foundation, Inc.
Baton Rouge, 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 South Louisiana Charter Foundation, Inc. (a nonprofit organization), which are comprised of the statement of financial position as of June 30, 2015, 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, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Organization'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.*

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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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2015

P&N Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

South Louisiana Charter Foundation, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of the South Louisiana Charter Foundation, Inc. with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The South Louisiana Charter Foundation, Inc.'s major federal programs are identified in the summary of auditors' 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 each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of South Louisiana Charter Foundation, Inc.'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 South Louisiana Charter Foundation, Inc.'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 on the South Louisiana Charter Foundation, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, South Louisiana Charter Foundation, 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, 2015.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

South Louisiana Charter Foundation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. South Louisiana Charter Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the South Louisiana Charter Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit of compliance, we considered the South Louisiana Charter Foundation, Inc.'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 South Louisiana Charter Foundation, Inc. internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2015

SOUTH LOUISIANA CHARTER FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Name	Grantor Project Number	CFDA Number	Expenditures 2015
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE - 14/15	10.555 [1]	$ 492,583
National School Breakfast Program	LDE - 14/15	10.553 [1]	124,049
Total US Department of Agriculture			616,632
UNITED STATES DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	28-15-T1-ED	84.010A	367,809
Passed through East Baton Rouge School System:			
Title I - Grants to Local Educational Agencies	28-15-T1-ED	84.010A	213,881
Subtotal Title I - Grants to Local Education Agencies			581,690
Passed through Louisiana Department of Education:			
Special Education, IDEA	28-15-B1	84.027A [2]	81,846
Title II - Part A, Teacher & Principal Training & Recruiting	28-15-50	84.367A	25,217
Total US Department of Education			688,753
Total Expenditures			$ 1,305,385

[1] Child nutrition cluster

[2] Special education cluster

SOUTH LOUISIANA CHARTER FOUNDATION, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the South Louisiana Charter Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

NOTE B – RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Award Expenditures per schedule	$ 1,305,385

Total federal revenue per the Statement of Activities and Changes in Net Assets for the year ended June 30, 2015 are reported in revenue, grants and other support as follows:

Federal grants	$ 1,290,097
Paid meals	15,288
	$ 1,305,385

SOUTH LOUISIANA CHARTER FOUNDATION, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	_____yes	__X__ no
• Significant deficiencies identified that are not considered to be material weaknesses?	__X__ yes	_____none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes __X__ no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010A	Title I – Grants to Local Educational Agencies
10.555, 10.553	Child Nutrition Cluster

The threshold for distinguishing types A & B programs was program expenditures exceeding $300,000.

- The Foundation was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2015-001 Special Tests and Provisions – Highly Qualified Teachers **Questioned Costs: $18,923**

U.S. Department of Education

84.010A Title I – Grants to Local Education Agencies

Grant No(s): 28-15-TI-ED

Criteria: A teacher who is hired to teach a core academic subject and who worked in a program supported by Title I funds must be highly qualified as defined in 34 CFR 200.56. "Core academic subjects" means English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography. In addition, a paraprofessional who is hired must hold a high-school diploma or various other requirements as defined in 34 CFR 200.58.

Condition(s): Out of a sample of 1 out of 9 teachers/paraprofessionals selected for testing, we were unable to obtain appropriate documentation to support the educational and/or work experience requirements of a paraprofessional working in the Title I program to determine if they met the definition of highly qualified.

Cause: A lack of written policies, adherence to established procedures, and staff turnover at one of the schools has contributed to the lack of sufficient documentation to support the determination of highly qualified for this one individual.

Effect: The costs associated with individuals who do not meet the established requirements would be unallowable.

Recommendation: The Foundation should adopt policies and procedures, which include internal controls over this compliance area, to ensure the documentation to support meeting the hiring requirements under Title I.

View of Responsible Official and Planned Corrective Action:

The individuals in the positions responsible for adhering to the Title I requirements are trained on the rules and regulations related to the grant. The lack of appropriate documentation was an error. The Foundation will ensure policies and procedures are in place and that all responsible parties adhere to these regulations to ensure the documentation to support meeting the hiring requirements under Title I are met.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of the
South Louisiana Charter Foundation, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the South Louisiana Charter Foundation and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the South Louisiana Charter Foundation, Inc. and statistical data accompanying the annual financial statements of the South Louisiana Charter Foundation 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. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 relate to the accompanying schedules of supplemental information and are as follows:

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

Procedure #1

P&N 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

Results of procedure # 1

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

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Education Levels of Public School Staff (Schedule 2)

Procedure # 2

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school supporting payroll records as of October 1st.

Results of Procedure # 2

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure # 3

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule and to school supporting payroll records as of October 1st.

Results of procedure # 3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure # 4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Results of Procedure # 4:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Number and Type of Public Schools (Schedule 3)

Procedure # 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.

Results of Procedure # 5

We noted no discrepancies between the schools as listed in the "Class Size Data Report" and the list of schools on the application.

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

Procedure #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 individuals' personnel files to determined if the individuals' experience was properly classified on the schedule.

Results of Procedure # 6
In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Public Staff Data (Schedule 5)

Procedure # 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.

Results of procedure # 7
In our sample of 25 teachers, we found no discrepancies between the individual's personnel file and the approved salary schedule and the amounts reported on Schedule 5.

Procedure # 8
We recalculated the average salaries and full-time equivalents reported in the schedule to determine mathematical accuracy.

Results of procedure # 8
No differences were noted.

Class Size Characteristics (Schedule 6)

Procedure # 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.

Results of Procedure # 9
Of the 10 classes selected, we noted the following differences in 3 classes between the roll book counts and the number reported in Schedule 6:

Number of Students Reported	Roll Book Counts	Difference
9	8	1
12	11	1
11	9	2

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

Procedure # 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 the South Louisiana Charter Foundation.

Results of Procedure # 10
No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

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

The *i*LEAP Tests (Schedule 9)

Procedure # 12
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 the South Louisiana Charter Foundation.

Results of Procedure # 12
No differences were 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 use of management of the South Louisiana Charter Foundation, 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2015

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
Baton Rouge, Louisiana

Schedule 1

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources For the Year Ended June 30, 2015

General Fund Instructional and Equipment Expenditures		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	$ 3,005,580	
Other Instructional Staff Activities	263,932	
Employee Benefits	414,706	
Purchased Professional and Technical Services	249,994	
Instructional Materials and Supplies	382,430	
Instructional Equipment	205,845	
Total Teacher and Student Interaction Activities		4,522,487
Other Instructional Activities	115,525	115,525
Pupil Support Activities	197,068	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		197,068
Instructional Staff Services	686,928	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		686,928
School Administration	2,753,583	
Less: Equipment for School Administration	-	
Net School Administration		2,753,583
Total General Fund Instructional Expenditures		8,275,591
Total General Fund Equipment Expenditures		205,845
Certain Local Revenue Sources		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes	-	
Renewable Ad Valorem Tax	-	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-	
Sales and Use Taxes	-	
Total Local Taxation Revenue		-
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	-	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		-
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	-	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		-
Nonpublic Textbook Revenue		-
Nonpublic Transportation Revenue		-

See Independent Accountants' Report

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
Baton Rouge, Louisiana

Schedule 2

Education Levels of Public School Staff
As of October 1, 2014

	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
Category	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0.00%	2	5.13%	1	33.33%	0	0.00%
Bachelor's Degree	18	56.25%	31	79.49%	0	0.00%	0	0.00%
Master's Degree	14	43.75%	6	15.38%	1	33.33%	0	0.00%
Master's Degree + 30	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Specialist in Education	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Ph. D. or Ed. D.	0	0.00%	0	0.00%	1	33.33%	0	0.00%
Total	32	100.00%	39	100.00%	3	100.00%	0	

See Independent Accountants' Report

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA CHARTER FOUNDATION, INC. **Schedule 3**
Baton Rouge, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2015

Type	Number
Elementary	0
Middle/Jr. High	0
Secondary	0
Combination	2
Total	2

See Independent Accountants' Report
Note: Schools opened or closed during the fiscal year are included in this schedule.

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA CHARTER FOUNDATION, INC. **Schedule 4**
Baton Rouge, Louisiana

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2014

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	0	0	1	1
Principals	0	0	0	0	1	1	0	2
Classroom Teachers	39	11	13	2	2	2	2	71
Total	39	11	13	2	3	3	3	74

See Independent Accountants' Report

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA FOUNDATION, INC. **Schedule 5**
Baton Rouge, Louisiana

Public School Staff Data
For the Year Ended June 30, 2015

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	44,419.00	-
Average Classroom Teachers' Salary Excluding Extra Compensation	44,419.00	-
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	36.50	-

See Independent Accountants' Report
Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA CHARTER FOUNDATION, INC. **Schedule 6**
Baton Rouge, Louisiana

Class Size Characteristics
As of October 1, 2014

	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	64.54%	91	35.46%	50	0.00%	0	0.00%	0
Elementary Activity Classes	58.18%	96	41.82%	69	0.00%	0	0.00%	0
Middle/Jr. High	78.95%	45	21.05%	12	0.00%	0	0.00%	0
Middle/Jr. High Activity Classes	76.36%	42	23.64%	13	0.00%	0	0.00%	0
High	0.00%	0	0.00%	0	0.00%	0	0.00%	0
High Activity Classes	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Combination	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Combination Activity Classes	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Other Regular	0.00%	0	0.00%	0	0.00%	0	0.00%	0

The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment for grades K-3 is 26 students and the maximum enrollment for 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.

See Independent Accountants' Report

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA CHARTER FOUNDATION, INC. **Schedule 7**
Baton Rouge, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2015
Grade 4

District Achievement Level Results	English Language Arts			Mathematics		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	0.50%	0.00%	0.00%	0.00%	1.98%	0.00%
Mastery	11.72%	6.93%	0.00%	6.78%	0.99%	0.00%
Basic	23.98%	32.67%	0.00%	21.69%	10.89%	0.00%
Approaching Basic	42.67%	34.65%	0.00%	40.95%	45.54%	0.00%
Unsatisfactory	21.13%	25.74%	0.00%	30.58%	40.59%	0.00%
Total	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

District Achievement Level Results	Science			Social Studies		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	0.00%	0.00%	0.00%	0.00%	0.99%	0.00%
Mastery	4.00%	0.00%	0.00%	0.00%	3.96%	0.00%
Basic	31.04%	27.72%	0.00%	27.19%	16.83%	0.00%
Approaching Basic	35.67%	44.55%	0.00%	33.32%	46.53%	0.00%
Unsatisfactory	29.29%	27.72%	0.00%	39.49%	31.68%	0.00%
Total	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

See Independent Accountants' Report
Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA CHARTER FOUNDATION, INC. **Schedule 9**
Baton Rouge, Louisiana

iLEAP Tests
For the Year Ended June 30, 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	0.00%	4.00%	0.00%	0.00%	1.98%	0.00%
Mastery	9.56%	5.00%	0.00%	4.28%	0.00%	0.00%
Basic	21.11%	19.00%	0.00%	14.69%	38.61%	0.00%
Approaching Basic	35.17%	42.00%	0.00%	38.95%	31.68%	0.00%
Unsatisfactory	34.17%	30.00%	0.00%	42.08%	27.72%	0.00%
Total	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

District Achievement Level Results	Science			Social Studies		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	1.43%	0.00%	0.00%	0.00%	1.00%	0.00%
Mastery	5.29%	1.98%	0.00%	4.03%	5.00%	0.00%
Basic	32.57%	29.70%	0.00%	40.74%	26.00%	0.00%
Approaching Basic	33.07%	36.63%	0.00%	34.15%	33.00%	0.00%
Unsatisfactory	27.64%	31.68%	0.00%	21.08%	35.00%	0.00%
Total	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

District Achievement Level Results	English Language Arts			Mathematics		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	0.00%	3.00%	0.00%	0.00%	0.00%	0.00%
Mastery	3.50%	0.00%	0.00%	3.82%	0.00%	0.00%
Basic	24.16%	29.00%	0.00%	22.26%	21.00%	0.00%
Approaching Basic	43.50%	26.00%	0.00%	47.00%	29.00%	0.00%
Unsatisfactory	28.84%	42.00%	0.00%	26.92%	50.00%	0.00%
Total	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

District Achievement Level Results	Science			Social Studies		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	0.00%	0.00%	0.00%	0.00%	3.00%	0.00%
Mastery	0.00%	3.00%	0.00%	0.00%	0.00%	0.00%
Basic	20.61%	18.00%	0.00%	17.94%	29.00%	0.00%
Approaching Basic	36.44%	37.00%	0.00%	34.72%	26.00%	0.00%
Unsatisfactory	42.94%	42.00%	0.00%	47.33%	42.00%	0.00%
Total	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

See Independent Accountants' Report

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

SOUTH LOUISIANA CHARTER FOUNDATION, INC.
Baton Rouge, Louisiana

Schedule 9
(continued)

iLEAP Tests
For the Year Ended June 30, 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	0.00%	1.98%	0.00%	0.00%	2.00%	0.00%
Mastery	7.57%	0.00%	0.00%	6.33%	3.00%	0.00%
Basic	36.24%	44.55%	0.00%	30.29%	45.00%	0.00%
Approaching Basic	37.05%	30.69%	0.00%	42.08%	21.00%	0.00%
Unsatisfactory	19.64%	22.77%	0.00%	21.30%	29.00%	0.00%
Total	100.50%	100.00%	0.00%	100.00%	100.00%	0.00%

District Achievement Level Results	Science			Social Studies		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mastery	3.57%	0.00%	0.00%	1.69%	1.00%	0.00%
Basic	31.98%	19.00%	0.00%	37.12%	19.00%	0.00%
Approaching Basic	41.43%	58.00%	0.00%	44.12%	40.00%	0.00%
Unsatisfactory	23.02%	23.00%	0.00%	17.07%	40.00%	0.00%
Total	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

District Achievement Level Results	English Language Arts			Mathematics		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mastery	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Basic	25.00%	0.00%	0.00%	17.00%	0.00%	0.00%
Approaching Basic	42.00%	0.00%	0.00%	44.00%	0.00%	0.00%
Unsatisfactory	31.00%	0.00%	0.00%	39.00%	0.00%	0.00%
Total	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%

District Achievement Level Results	Science			Social Studies		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mastery	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Basic	17.00%	0.00%	0.00%	35.00%	0.00%	0.00%
Approaching Basic	48.00%	0.00%	0.00%	40.00%	0.00%	0.00%
Unsatisfactory	33.00%	0.00%	0.00%	25.00%	0.00%	0.00%
Total	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%

Note: Schedule does not include South Baton Rouge Charter Academy, which is reported with the East Baton Rouge Parish School Board.

P&N Postlethwaite & Netterville

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MANAGEMENT LETTER

Board of Trustees
Lafayette Charter Foundation, Inc.
Lafayette, LA

Richard Garcia, CFO
Charter Schools USA
Ft. Lauderdale, FL

We have audited the financial statements of the Lafayette Charter Foundation (the Foundation), for the year ended June 30, 2015 and have issued our report thereon. As part of our audit, we evaluated the internal accounting controls to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures 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.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of a matter that is an opportunity for strengthening internal controls or operating efficiency. Our comment and suggestion regarding this matter is set forth below. This letter does not affect our reports dated December 29, 2015 on the financial statements of the Foundation's internal control over financial reporting.

2015-1 Maintenance of Documentation in Personnel Files

During our testing of the controls over the payroll process, we noted that proper documentation was not always being maintained in the personnel files. We noted a number of instances where signed offer letters were not maintained in the personnel files, although copies were eventually located elsewhere and provided to us. Additionally, we noted instances where copies of approved Personnel Action Forms were not maintained in the personnel files.

We recommend that the Foundation remind employees responsible for the personnel files of the importance of following the established policies regarding maintenance of complete and accurate employee records.

Management's Response and Corrective Action

The VP of Employee Services and Payroll has been notified of the issue and is aware greater consistency is needed. The team is researching electronic storage options that would lead to more reliable results.

2015-2 Federal Inventory Management of Equipment

Various federal regulations exist over the acquisition and identification of equipment acquired under Federal awards. Property records should contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data including, the date of disposal and sales price or method used to determine current fair market value. A very limited amount of equipment has been purchased with federal awards during the fiscal year under audit. We noted that the property records of the Foundation do not include all of the federal requirements for ensuring compliance with the inventory management of equipment.

We recommend that the above information be included on any future assets purchased with federal awards and policies and procedures development to ensure adherence to these requirements established.

Management's Response and Corrective Action

An inventory control system, WASP, has been purchased and is being implemented in the schools to better manage purchases of equipment.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 29, 2015