



# F.A.M.E., Inc.

## Board Meeting

---

### Date and Time

Monday April 15, 2024 at 5:30 PM CDT

### Location

4720 Painters Street

---

### Agenda

	Purpose	Presenter	Time
<b>I. Opening Items</b>			<b>5:30 PM</b>
<b>A.</b> Record Attendance		Steven Corbett	1 m
<b>B.</b> Call the Meeting to Order		Lourdes Moran	1 m
<b>C.</b> Moment of Silence		Steven Corbett	3 m
Moment of Silence in memory of longtime Audubon Art Teacher Elise Vandergriff			
<b>D.</b> Approve Minutes	Approve Minutes	Lourdes Moran	1 m
It is recommended that the board approve the minutes from the February 26th, 2024 meeting with any suggested modifications or changes.			
Approve minutes for F.A.M.E. Board Meeting on February 26, 2024			
<b>II. Discussion Items</b>			<b>5:36 PM</b>
<b>A.</b> Audubon Schools Financial Audit Review	FYI	Anthony Rutledge	15 m

	Purpose	Presenter	Time
Anthony Rutledge from Laporte will present the Financial Audit for Audubon Schools.			
<b>B.</b>	Financial Update	Darius Munchak	10 m
<b>III.</b>	<b>Action Items</b>		<b>6:01 PM</b>
<b>A.</b>	Approve the School Facility Preservation Program Revolving Loan Fund Agreement for Live Oak	Vote	Alisa Dupre
	It is recommended that the F.A.M.E. Board approves the School Facility Preservation Program Revolving Loan Fund Agreement for Live Oak		
<b>B.</b>	Approve the School Facility Preservation Program Revolving Loan Fund Agreement for Audubon Gentilly	Vote	Alisa Dupre
	It is recommended that the F.A.M.E. Board approves the School Facility Preservation Program Revolving Loan Fund Agreement for Audubon Gentilly		
<b>C.</b>	Approve Bad Debt/Delinquent Policy in accordance with the NSLP guidelines	Vote	Alisa Dupre
	It is recommended that the F.A.M.E. Board approves the Bad Debt/Delinquent Policy which will establish procedures for managing unpaid meal charges and delinquent debt, and ensure that bad debt is not paid for with food service funds in accordance with the NSLP guidelines.		
<b>D.</b>	Approve Reserve Funds as Source for Capital Improvement Projects	Vote	Steven Corbett
	It is recommended that the F.A.M.E. Board approve the use of Reserve Funds as a source for Capital Improvement Projects that include the following:		
	Gentilly Elevator & Restroom Addition		
	Gentilly Auditorium classroom conversion		
	Live Oak Playground Renovation		
	Broadway Science Lab classroom conversion		
<b>E.</b>	F.A.M.E. Board Member Removal	Vote	Lourdes Moran
	It is recommended that the F.A.M.E. Board remove Jorge Perez from the board to allow for new board members to be nominated and approved in the future.		
<b>IV.</b>	<b>Closing Items</b>		<b>6:31 PM</b>

	Purpose	Presenter	Time
<b>A. CEO Remarks</b> 1. Principals Report 2. Parent Report 3. CEO Remarks	FYI	Steven Corbett	10 m
<b>B. Board Chair Remarks</b> 1. Officer Elections 2. Board Nominations 3. Upcoming Meetings	FYI	Lourdes Moran	5 m
<b>C. Adjourn Meeting</b>	Vote	Lourdes Moran	1 m

# Coversheet

## Approve Minutes

**Section:** I. Opening Items  
**Item:** D. Approve Minutes  
**Purpose:** Approve Minutes  
**Submitted by:**  
**Related Material:** Minutes for F.A.M.E. Board Meeting on February 26, 2024

APPROVED



## F.A.M.E., Inc.

# Minutes

## F.A.M.E. Board Meeting

---

### Date and Time

Monday February 26, 2024 at 5:30 PM

### Location

3128 Constance Street

---

### Directors Present

B. Levine, C. Tucker, D. Mipro, H. Leblanc, K. Wilkins, L. Moran

### Directors Absent

C. Lebas, J. Perez, R. Fernandez

### Directors who arrived after the meeting opened

K. Wilkins

### Directors who left before the meeting adjourned

B. Levine, K. Wilkins

### Ex Officio Members Present

S. Corbett

### Non Voting Members Present

S. Corbett

### Guests Present

---

A. Collopy, A. Dupre, D. Kohl, K. Bourgeois, L. Spearman

---

## I. Opening Items

### A. Record Attendance

### B. Call the Meeting to Order

L. Moran called a meeting of the board of directors of F.A.M.E., Inc. to order on Monday Feb 26, 2024 at 5:44 PM.

### C. Approve Minutes

B. Levine made a motion to approve the minutes from F.A.M.E. Board Meeting on 12-18-23.

D. Mipro seconded the motion.

The board **VOTED** to approve the motion.

## II. Discussion

### A. Principals Report

Dustin reported for the principals. Uptown campuses are in the midst of testing for ELL students and LEAP connect practice for all students. Both Uptown campuses had a great, festive Luna Festivities. We recently had French students from France visiting for the week who experienced the city and instruction. We will send our students and teachers to France in the Spring. Third Grade Parent Night is on March 12th- a informative night to speak with teachers and changes to expect moving to the new campus. Gentilly PTC just held a Sweetheart dance that was very successful. They also have an upcoming book fair.

### B. Financial Report

Cash on hand is \$5.5 million. It's \$543K better than budgeted. Waiting on NOLAPS to provide us with forecast data for student based funding. Right now it is projecting \$825 increase per student base funding. Fund Balance is at a very healthy balance.

K. Wilkins arrived at 6:01 PM.

### C. Capital Projects Update

There is a very strong belief we have grants that will be funding these projects plus loan rates are moving in our favor. One of the grants is the Capital Improvement Grant from NOLAPS and we received \$772.035, that we are using to implement the elevator at Gentilly and to input a upstairs bathroom for both the boys and girls. We also have an Upper School playground project for our Live Oak campus. The estimated cost is \$1,249,360 with project completion in Summer 2024. This project will allow of outside

lunch, performance space, etc. We will be submitting another application for the next round of Capital Improvement Grants. Additionally, we have had an increase in enrollment, so we would like to renovate Broadway's science lab to create two classrooms to accommodate the increased enrollment without having to take Arts away. Estimated cost is \$75,000-\$150,000 with completion either in Summer 2024 or Summer 2025. Finally, Gentilly is adding 8th grade making them fully enrolled and requiring additional space for intervention and SpEd to maintain our Arts Programs. The plan is to cut the auditorium, which is too small for school wide performances, into 4 classrooms. Cost is \$585,833 and estimated completion is 2024. We were also approved to put lockers in at our Live Oak Campus from NOLAPS, but the cost will be expensive and will require bids.

#### **D. Compensation Study Recommendations**

These are recommendations for compensation moving forward. Votes will be for next board meeting. Current issue is that teachers and staff are not reflective of what they deserve and other schools are making more competitive offers making it hard for recruiting and retention. Audubon's last salary approval was in 2018 when Gentilly was founded. We used a national organization, EdFuel, to implement a study that charters across the city and nation participated in. We also used an state provided survey Upbeat that showed us that teachers feel underpaid at Audubon. Teachers are interested in receiving a raise, cost of living adjustments, more leadership opportunities, etc. Using this data we are proposing to implement one-time increase of \$2500 for teachers and \$1250 for TAs. Then moving forward a 2% increase each year along with a longevity bonus at year 4. Additionally we are looking to implement paid maternity and paternity leave as well as create Grade Team Leads that will be provided stipends. Right now we have a surplus to cover these recommendations.

#### **E. Approve the 2024-25 School Calendar**

K. Wilkins made a motion to approve the 2024-2025 school calendar.

B. Levine seconded the motion.

The board **VOTED** to approve the motion.

#### **F. Approve Mathes Brierre Contract for Elevator and Bathroom Project at Gentilly**

This is an information item. Mathes Brierre will submit an AIA contract for approval at the next meeting.

B. Levine left at 7:09 PM.

K. Wilkins left at 7:09 PM.

### **III. Closing Items**

#### **A. Parent Report**

Parent group is putting on a dance for the 6th graders and also an auction. Encouraging meetups at park. Bringing back snacks for staffs on Wednesdays. PTO would like the board to attend their meeting on May 7th at 5:30.

**B. CEO Remarks**

We filed for employee retention credits, and we are projected to return is \$2.3 million. Our health insurance is currently sitting at it's best loss ratio in years, which is amazing for renewal rates.

**IV. Closing Items**

**A. Adjourn Meeting**

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 7:18 PM.

Respectfully Submitted,  
L. Moran



# Coversheet

## Audubon Schools Financial Audit Review

**Section:** II. Discussion Items  
**Item:** A. Audubon Schools Financial Audit Review  
**Purpose:** FYI  
**Submitted by:**  
**Related Material:** 062023 Audubon Schools AFS (1).pdf

**FRENCH AND MONTESSORI  
EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2023



## Contents

---

<b>Independent Auditor's Report</b>	1 - 3
-------------------------------------	-------

---

### Financial Statements

Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 24

---

### Supplementary Information

Schedule of Board of Directors	26
Schedule of Compensation, Benefits, and Other Payments to Agency Head	27

---

<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	28 - 29
--	---------

---

<b>Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance</b>	30 - 32
--	---------

---

<b>Schedule of Expenditures of Federal Awards</b>	33
---	----

---

<b>Notes to Schedule of Expenditures of Federal Awards</b>	34
--	----

---

<b>Schedule of Findings and Questioned Costs</b>	35 - 37
--	---------

---

<b>Summary Schedule of Prior Year Findings</b>	38
--	----



LaPorte, APAC  
 5100 Village Walk | Suite 300  
 Covington, LA 70433  
 985.892.5850 | Fax 985.892.5956  
 LaPorte.com

## Independent Auditor's Report

To the Board of Directors  
 French and Montessori Education, Inc.  
 d/b/a Audubon Schools  
 New Orleans, Louisiana

### **Opinion**

We have audited the financial statements of French and Montessori Education, Inc., d/b/a Audubon Schools (the Organization), which comprise the statement of financial position as of June 30, 2023, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

## LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance  
 RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 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* and other schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary 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 19, 2023 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
December 19, 2023

**FRENCH AND MONTESSORI EDUCATION, INC.**  
**D/B/A AUDUBON SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Financial Position**  
**June 30, 2023**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 5,023,562
Grants Receivable	1,369,616
Interest Receivable	3,178
Prepaid Expenses	86,088
<b>Total Current Assets</b>	<b>6,482,444</b>
<b>Other Assets</b>	
Right-of-Use Asset, Net	165,580
Investments	599,737
<b>Total Other Assets</b>	<b>765,317</b>
<b>Fixed Assets</b>	
Site Improvements	4,071,752
Machinery, Equipment, Computers	607,633
Accumulated Depreciation	(2,487,687)
<b>Total Fixed Assets, Net</b>	<b>2,191,698</b>
<b>Total Assets</b>	<b>\$ 9,439,459</b>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 346,315
Accrued Expenses	443,954
Finance Lease Liability, Current Portion	40,904
Loan Payable, Current	84,182
<b>Total Current Liabilities</b>	<b>915,355</b>
<b>Long-Term Liabilities</b>	
Finance Lease Liability, Net of Current Portion	130,356
Loan Payable, Long-Term	1,608,836
<b>Total Long-Term Liabilities</b>	<b>1,739,192</b>
<b>Total Liabilities</b>	<b>2,654,547</b>
<b>Net Assets</b>	
Without Donor Restrictions	6,784,912
<b>Total Net Assets</b>	<b>6,784,912</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,439,459</b>

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

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restricted	Total
<b>Revenue, Grants, Support, and Gains</b>			
State and Local Public School Funding	\$ 14,863,824	\$ -	\$ 14,863,824
Federal Grants	3,617,219	-	3,617,219
Student Activity Revenue	237,614	-	237,614
Grants and Contributions	259,755	-	259,755
Fee Revenue	169,293	-	169,293
Other Income	154,085	-	154,085
Interest Income	20,175	-	20,175
	<hr/>		
<b>Total Revenue, Grants, Support, and Gains</b>	19,321,965	-	19,321,965
	<hr/>		
<b>Expenses</b>			
Program Services			
Student Instruction and Activities	14,628,566	-	14,628,566
Supporting Services			
Management and General	2,551,627	-	2,551,627
	<hr/>		
<b>Total Expenses</b>	17,180,193	-	17,180,193
	<hr/>		
<b>Change in Net Assets</b>	2,141,772	-	2,141,772
	<hr/>		
<b>Net Assets, Beginning of Year</b>	4,643,140	-	4,643,140
	<hr/>		
<b>Net Assets, End of Year</b>	\$ 6,784,912	\$ -	\$ 6,784,912
	<hr/> <hr/>		

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



**FRENCH AND MONTESSORI EDUCATION, INC.**  
**D/B/A AUDUBON SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

	<u>Program Services</u> Student Instruction and Activities	<u>Supporting Services</u> Management and General	Total
Salaries	\$ 7,605,579	\$ 1,040,451	\$ 8,646,030
Benefits	2,207,330	296,443	2,503,773
Purchased Services	1,190,397	606,078	1,796,475
Materials	620,316	103,189	723,505
Depreciation and Amortization	696,212	-	696,212
Repairs and Maintenance	568,906	13,636	582,542
Food Service	470,865	-	470,865
Insurance	-	435,051	435,051
Student Transportation	384,750	-	384,750
Utilities	328,133	-	328,133
Dues	301,763	-	301,763
Other Expenses	68,802	53,871	122,673
Debt Service	102,326	-	102,326
Rentals	41,734	2,908	44,642
Disposal	29,453	-	29,453
Travel	12,000	-	12,000
<b>Total Expenses</b>	<b>\$ 14,628,566</b>	<b>\$ 2,551,627</b>	<b>\$ 17,180,193</b>

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

**FRENCH AND MONTESSORI EDUCATION, INC.**  
**D/B/A AUDUBON SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

---

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 2,141,772
Adjustments to Reconcile Change in Net Assets to	
Net Cash (Used in) Provided by Operating Activities	
Net Realized and Unrealized Loss on Investments	14,931
Depreciation and Amortization of Fixed Assets	696,212
Amortization of Right-of-Use Asset	51,064
(Increase) Decrease in Assets	
Grants Receivable	402,431
Interest Receivable	151
Prepaid Expenses	106,347
Right-of-Use Asset	165,580
Increase (Decrease) in Liabilities	
Accounts Payable	138,452
Accrued Expenses	(410,489)
Deferred Revenue	(261,822)
	<hr/>
<b>Total Adjustments</b>	<b>902,857</b>
	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<b>3,044,629</b>

**Cash Flows from Investing Activities**

Sale of Investments	56,828
Purchases of Fixed Assets	(8,285)
	<hr/>
<b>Net Cash Provided by Investing Activities</b>	<b>48,543</b>

**Cash Flows from Financing Activities**

Payments on Construction Loan Payable	(370,944)
Principal Payments on Finance Leases	(45,384)
	<hr/>
<b>Net Cash Used in Financing Activities</b>	<b>(416,328)</b>

**Net Increase in Cash and Cash Equivalents**

2,676,844

**Cash, Cash Equivalents, and Restricted Cash, Beginning of Year**

---

2,346,718

**Cash and Cash Equivalents, End of Year**

---

**\$ 5,023,562**

---

**Supplemental Disclosures of Cash Flow Information**

Finance Lease Liability Arising from Right-of-Use Assets	\$ 210,425
Cash Paid During the Year for Interest	<hr/> \$ 102,326 <hr/>

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

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies**

**Organization**

French and Montessori Education, Inc., d/b/a Audubon Schools (the Organization) was created as a non-profit corporation under the laws of the State of Louisiana on October 28, 2005. The Organization operates two Type 3 charter schools with the Orleans Parish School Board (OPSB). The formation of the Organization was in response to the devastation left by Hurricane Katrina.

On January 12, 2006, the OPSB approved the charter of Audubon Charter School, d/b/a Audubon Uptown, Audubon Upper, and Audubon Lower. The initial charter was granted for five years and was subsequently renewed for another five-year term during 2011. On May 20, 2017, the Organization entered into a ten (10) year charter school operating agreement for Audubon Charter School with the OPSB commencing July 1, 2017 and expiring June 30, 2027. Under this new agreement, Audubon Charter School will operate as its own Local Education Authority (LEA). This school serves eligible students in pre-kindergarten through eighth grade. The Organization has leases with the OPSB to operate various campuses for Audubon Charter School, both of which expire on June 30, 2027 (See Note 9).

On April 21, 2018, the OPSB approved the charter of Audubon Schools Gentilly, d/b/a Audubon Gentilly. The initial charter was granted for five years expiring June 30, 2023. On July 1, 2023, the charter was renewed for an additional three years expiring June 30, 2026. Under this charter agreement, Audubon Schools Gentilly will operate as its own LEA. This school serves eligible students in pre-kindergarten through eighth grade. The Organization has a lease with the OPSB to operate Audubon Gentilly which expires on June 30, 2026 (See Note 9).

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of Net Asset Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets for general use that are not subject to donor-imposed restrictions.

*Net Assets With Donor Restrictions* - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

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

**Use of Estimates**

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

**Revenues**

State Public School Funding

The Organization's primary source of funding is through the State Public School Fund (the State) and the Orleans Parish School Board. The Organization received \$14,863,824 from the State and OPSB based on eligible students in attendance paid on a monthly basis. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Federal and State Grants

Federal and state grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred. The Organization received \$3,617,219 in various federal grants and \$0- in various state grants during the year. Substantially all of the Organization's federal and state grants were passed through the Louisiana Department of Education.

Private Grants and Contributions

Private grants and contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The Organization will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of the promise and are discounted at an appropriate discount rate. Future amortization of the discount will be included in contribution revenue. Management closely monitors outstanding balances and writes off any balances deemed uncollectible.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Revenues (Continued)**

Other Income

Revenue from other sources, including student activities and fees, fundraisers, facility rentals, and after-care tuition, are recorded and recognized as revenue in the period in which the Organization provides the service at the amount that reflects the consideration to which the Organization expects to be entitled for providing the service or good.

Contracts vs. Contributions

The Organization utilizes the guidance in Accounting Standards Update (ASU) 2018-08 in the assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the school year, which is simultaneous with the fiscal year. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to student activities and fees, after-care tuition, and pre-kindergarten tuition. The Organization measures the performance obligation throughout the school year. Revenue for performance obligations satisfied at a point in time, which include mainly income from meals and are generally immaterial, are recognized when services are provided. The Organization determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

**Functional Expenses**

The costs of providing activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocated if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort or on the basis of student count. There were no such allocated expenses during the year ended June 30, 2023.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Grants and Contributions Receivable**

Private grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. Management does not estimate any amounts to be uncollectible. Grants and contributions receivable due in more than one year are recognized at fair value. The Organization uses a discount rate based on the U.S. treasury bill rate to discount long-term promises to give when the donor makes an unconditional promise to give to the Organization. As of June 30, 2023, there were no discounted long-term promises to give.

**Cash and Cash Equivalents**

During the year, cash and cash equivalents may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the Organization's bank accounts from donations received from individuals or entities who specified the use of the contribution and amounts restricted by a contractual lease obligation.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the Organization considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2023, the Organization held cash equivalents in money market funds comprised of governmental securities. See Note 2.

**Fair Values of Financial Instruments**

The Organization follows the provisions of the *Fair Value Measurement* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fair Values of Financial Instruments (Continued)**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under Topic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

- Level 3 Inputs that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023:

1. *Common Stocks.* Valued at the closing price reported on the active market on which the individual securities are traded.
2. *Self-Directed Brokerage Accounts.* Accounts primarily consist of mutual funds and common stocks that are valued on the basis of readily determinable market prices.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fair Values of Financial Instruments (Continued)**

3. *Corporate Bonds.* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.
4. *Mutual Funds.* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded
5. *Stable Value Collective Trust Fund.* A stable value fund that is composed primarily of fully benefit-responsive investment contracts that is valued at the net asset value of units of the bank collective trust. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Organization initiates a full redemption of the collective trust, the issuer reserves the right to require 12 months notification in order to ensure that securities liquidations will be carried out in an orderly business manner.
6. *U.S. Government Securities.* Valued using pricing models maximizing the use of observable inputs for similar securities.

The table in Note 8 sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

**Investments**

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, the Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets. Investments, consisting of certificates of deposit with original maturities greater than three months, are reported at original cost plus accrued interest. Dividend and interest income are accrued when earned.



**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fixed Assets and Depreciation**

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the Organization. Depreciation expense for the year ended June 30, 2023 was \$696,212.

**Income Taxes**

The Organization is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, are included in income tax expense.

The Organization applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Organization has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

**Concentrations**

For the year ended June 30, 2023, the Organization received 77% of its revenues from the Louisiana Department of Education, subject to its charter school contracts with the OPSB and 19% of its funding from the federal government and other Louisiana state grant programs passed through the Louisiana Department of Education.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Concentrations (Continued)**

All of the students and employees of the Organization live in the Greater New Orleans area.

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be recovered. The Organization periodically maintains cash in bank accounts in excess of insured limits. As of June 30, 2023, the Organization's bank balances were \$4,788,422. Balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to \$250,000 per financial institution, totaled \$2,200,708. Deposits of \$2,587,714 were uninsured and subject to custodial credit risk as of June 30, 2023. In addition, \$320,127 was held in a money market fund comprised of governmental securities which, therefore, is not subject to custodial credit risk at June 30, 2023.

**Reversionary Interest in Funds and Assets**

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agencies are to be used for educational purposes as described in the Organization's charter agreement and grant awards. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds. Should the charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

**Leases**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets.

The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Leases (Continued)**

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or July 1, 2022, for existing leases upon the adoption of Topic 842.

The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization’s finance lease of \$210,425 at July 1, 2022. The adoption of the new lease standard did not materially impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

The Organization revised its estimated useful lives of certain leasehold improvements upon adoption of ASC 842.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Liquidity and Availability**

The Organization's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Organization has available. In addition, the Organization operates with a budget to monitor sources and use of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 5,023,562
Grants Receivable	1,369,616
Interest Receivable	<u>3,178</u>
<b>Total</b>	<b><u>\$ 6,396,356</u></b>

**Note 2. Cash and Cash Equivalents**

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position at June 30, 2023 that sum to the total of the same such amounts shown in the statement of cash flows:

Cash and Cash Equivalents	\$ 4,703,435
Cash Equivalents, Money Market Funds	<u>320,127</u>
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 5,023,562</u></b>

The Organization's cash and restricted cash (book balances) at June 30, 2023 are stated at cost and approximates market.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 3. Investments**

Investments consisted of the following as of June 30, 2023:

	<b>Fair Market Value</b>	<b>Cost or Assigned Amount</b>
U.S. Treasury Bonds	\$ 331,412	\$ 356,766
Corporate Bonds	181,958	206,743
Mortgage Pass-Through Securities	86,367	101,677
<b>Total</b>	<b>\$ 599,737</b>	<b>\$ 665,186</b>

**Note 4. Grants Receivable**

As of June 30, 2023, gross grants receivable totaled \$1,369,616, which include receivables for Minimum Foundation Program (MFP) payments, private grants and contributions receivable, and receivables for federal grants and state grants passed through the Louisiana Department of Education. All receivables are considered to be fully collectible.

**Note 5. Accrued Expenses**

Accrued expenses consisted of the following as of June 30, 2023:

Payroll Deductions and Withholdings	\$ 352,549
Accrued Payroll	90,347
Other Accrued Expenses	1,058
<b>Total</b>	<b>\$ 443,954</b>

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 6. Debt**

**Line of Credit**

During September 2018, the Organization entered into a line of credit with a bank allowing for borrowings up to \$300,000 with a maturity date of September 18, 2023. Interest accrues at the Wall Street Journal Prime Rate. During 2019, the balance on this line of credit was transferred to a term loan (see paragraph below). The outstanding balance on the line of credit was \$-0- as of June 30, 2023.

**Term Loan**

During July 2019, the Organization entered into a construction line of credit and term loan agreement with a bank. The agreement provides for a non-revolving line of credit loan up to \$4,800,000, subject to construction project cost limits. The non-revolving line of credit loan incurs a variable interest rate and matured on July 26, 2021. Upon maturity, the non-revolving line of credit loan converted to a term loan, which is payable in monthly installments beginning August 26, 2021, incurs an interest rate of 5.25%, and matures on July 26, 2029. The outstanding balance on the loan was \$1,693,018 as of June 30, 2023.

The agreement is subject to various covenants and is collateralized by a mortgage. For the year ended June 30, 2023, the Organization reported to its financial institution that it was in compliance with these covenants.

Maturities of this term loan as of June 30, 2023 are as follows:

<b>Year Ended June 30,</b>	<b>Amount</b>
2024	\$ 84,182
2025	89,016
2026	93,872
2027	98,992
2028	104,206
Thereafter	<u>1,222,750</u>
<b>Total</b>	<b><u>\$ 1,693,018</u></b>

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 7. Retirement Plans**

**Teachers' Retirement System of Louisiana (TRSL)**

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

*Plan Description*

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123. At June 30, 2022, the TRSL was 72.4% funded.

*Funding Policy*

Plan members are required to contribute 8% of their annual covered salary. The Organization is required to contribute at an actuarially determined rate. During the year ended June 30, 2023, the employer contribution rate was 24.8%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The Organization's contribution to the plan for the year ended June 30, 2023 was \$1,533,598.

**403(b) Plan**

During January 2018, the Organization established a 403(b) plan which went into effect on August 1, 2018. Certain employees of the Organization participate in this 403(b) plan sponsored by the Organization. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service. The 403(b) plan offers a discretionary match which is determined annually by the Organization. The 403(b) plan also offers a discretionary employer contribution, which is determined annually by the Organization. Eligible employees become fully vested in their allocated discretionary matching and employer contributions after four years of service with the Organization. The Organization's contribution to the plan for the year ended June 30, 2023 was \$67,824.

**Note 8. Fair Value of Financial Instruments**

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the *Fair Value Measurement* Topic of the FASB ASC. See Note 1 for a description of the Organization's accounting policies and valuation procedures.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 8. Fair Value of Financial Instruments (Continued)**

The valuation of the Organization's assets measured at fair value on a recurring basis at June 30, 2023 was as follows:

	Level 1	Level 2	Level 3	Fair Value Total
<b>Investments</b>				
U.S. Treasury Bonds	\$ 331,412	\$ -	\$ -	\$ 331,412
Corporate Bonds	181,958	-	-	181,958
Mortgage Pass-Through Securities	-	86,367	-	86,367
<b>Total Investments</b>	<b>\$ 513,370</b>	<b>\$ 86,367</b>	<b>\$ -</b>	<b>\$ 599,737</b>

The FASB issued an ASU pertaining to *Fair Value Measurement and Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share*. Fair values are determined by the use of calculated net asset value per ownership share.

The following disclosure is made in accordance with the requirements of the *Financial Instruments* Topic of the FASB ASC. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash.

Listed below are the carrying amounts of financial instruments which approximate fair value at June 30, 2023:

	Carrying Amount	Fair Value
<b>Financial Assets</b>		
Cash and Cash Equivalents	\$ 5,023,562	\$ 5,023,562
Grant Receivables	1,369,616	1,369,616
Interest Receivable	3,178	3,178
Investments	599,737	599,737
<b>Financial Liabilities</b>		
Accounts Payable	346,315	346,315
Accrued Expenses	443,954	443,954



**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 9. Leases**

**Charter School Leases**

The Organization has three (3) lease agreements with the OPSB which allow the Organization to use the facilities and contents of various school sites in New Orleans, Louisiana. The addresses and expirations are as follows:

- 4720 Painters Street, expiring June 30, 2026
- 3128 Constance Street, expiring June 30, 2027
- 4285 Broadway Street, expiring June 30, 2027

All of the aforementioned leases call for payments based on a Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

All of the aforementioned leases are contingent upon the existence of the charter operating agreements between the Organization and the OPSB.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable.

The Organization had previously entered into a lease agreement with the OPSB for the Audubon Schools Gentilly campus facilities at 4720 Painters Street, maturing in 2048. This lease was superseded by a lease maturing June 30, 2026, which was executed in June 2023. The lease previously required that the Organization develop and maintain a capital fund reserve based on the estimated value of the leased property. This requirement was not included within the new lease. The Organization de-restricted cash balances held in the Organization's operating account totaling \$307,700 during June 2023.

**Finance Leases**

The Organization leases equipment under a finance lease agreement with an initial term of 5 years and an interest rate of 3.01%. The Organization's finance leases generally do not contain any material restrictive covenants or residual value guarantees.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 9. Leases (Continued)**

**Finance Leases (Continued)**

Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended June 30, 2023:

Finance Lease Cost - Amortization of Right-of-Use Assets	\$ 44,845
Finance Lease Cost - Interest on Lease Liabilities	<u>5,691</u>
<b>Total Lease Cost</b>	<b><u>\$ 50,536</u></b>

Supplemental statement of financial position information related to leases is as follows as of June 30, 2023:

<b>Finance Leases Right-of-Use Assets, Net:</b>	
Equipment	<u>\$ 165,580</u>
<b>Total Finance Lease Right-of-Use Assets, Net</b>	<b><u>\$ 165,580</u></b>
<b>Other Information:</b>	
Weighted Average Remaining Lease Term (in Years):	
Finance Leases	4.0
Weighted Average Discount Rate:	
Finance Leases	3.01%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation of the lease liabilities recognized on the statement of financial position are as follows as of June 30, 2023:

<b>Year Ending June 30,</b>	<b>Finance</b>
2024	\$ 45,384
2025	45,384
2026	45,384
2027	<u>45,384</u>
Total Lease Payments	181,536
Less: Imputed Interest	<u>(10,276)</u>
<b>Total Present Value of Lease Liabilities</b>	<b><u>\$ 171,260</u></b>

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

---

**Note 10. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted by donors for specific programs, purposes, student activities, or to assist specific departments of the Organization. These restrictions are considered to expire when payments for restricted purposes are made. Certain net assets with donor restrictions are time-restricted by donors. As of June 30, 2023, the Organization did not have any net assets with donor restrictions.

**Note 11. Commitments and Contingencies**

In the normal course of business, the Organization is periodically engaged in various legal proceedings incidental to its normal business activities. The resolution of such matters is not expected to have a material adverse effect on the Organization's financial position, statement of activities, or cash flows.

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries and illnesses; natural disasters; and 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.

**Note 12. Charter Management Operator (CMO Fees)**

As the administrator of the schools, the Organization incurs and records overhead costs on behalf of all of its schools. Management of the Organization estimates an allocable amount of these costs to be charged to the schools on an annual basis using a predetermined rate and student head count. CMO fees allocated and charged to schools during the year ended June 30, 2023 have been eliminated from other income and management and general expenses on the accompanying statement of activities and changes in net assets.

**Note 13. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2023, and determined that the following event occurred that requires disclosure:

On July 1, 2023, the OPSB approved the charter of Audubon Schools Gentilly, d/b/a Audubon Gentilly for a three year period expiring June 30, 2026.

No further subsequent events occurring after December 19, 2023 have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**FRENCH AND MONTESSORI EDUCATION, INC.**  
**D/B/A AUDUBON SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Board of Directors**  
**For the Year Ended June 30, 2023**

<b>Board Members</b>	<b>Compensation</b>
Lourdes Moran (Board Chair)	\$-0-
Kevin Wilkins (Vice Chair)	\$-0-
Darleen Mipro (Secretary)	\$-0-
Harold "Trey" LeBlanc (Treasurer)	\$-0-
Chan Tucker (French Parent Representative)	\$-0-
Greg Lawson (Montessori Parent Representative)	\$-0-
Nathan Beras (Ex-Officio)	\$-0-
Jorge Perez	\$-0-
Ramona Fernandez, J.D.	\$-0-
Brendan Connick, J.D.	\$-0-
Claire Lebas, Ph.D	\$-0-
Rachel Kirschman	\$-0-
Ben Levine	\$-0-

See independent auditor's report.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Compensation, Benefits, and Other Payments  
to Agency Head  
For the Year Ended June 30, 2023**

**Agency Head**

Dr. Steven Corbett, CEO

<b>Purpose</b>	<b>Amount</b>
Salary	\$132,819
Benefits-Health Insurance	\$0
Benefits-Retirement	\$32,983
Deferred Compensation	\$0
Workers Comp	\$0
Benefits-Life Insurance	\$65
Benefits-Long Term Disability	\$33
Benefits-FICA And Medicare	\$1,926
Car Allowance	\$0
Vehicle Provided By Government	\$0
Cell Phone	\$0
Dues	\$0
Vehicle Rental	\$0
Per Diem	\$0
Reimbursements	\$239
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Unvouchered Expenses	\$0
Meetings And Conventions	\$0
Other	\$0

See independent auditor's report.



LaPorte, APAC  
 5100 Village Walk | Suite 300  
 Covington, LA 70433  
 985.892.5850 | Fax 985.892.5956  
 LaPorte.com

**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**

Independent Auditor's Report

To the Board of Directors  
 French and Montessori Education, Inc.  
 d/b/a Audubon Schools  
 New Orleans, 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 French and Montessori Education, Inc. d/b/a Audubon Schools (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 December 19, 2023.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be a significant deficiency.

LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance  
 RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

### **Report on 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2023-01.

### **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 entity'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 entity'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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
December 19, 2023





LaPorte, APAC  
 5100 Village Walk | Suite 300  
 Covington, LA 70433  
 985.892.5850 | Fax 985.892.5956  
 LaPorte.com

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

### Independent Auditor's Report

To the Board of Directors  
 French and Montessori Education, Inc.  
 d/b/a Audubon Schools  
 New Orleans, Louisiana

### Report on Compliance for the Major Federal Program

#### ***Opinion on the Major Federal Program***

We have audited French and Montessori Education, Inc. d/b/a Audubon Schools' (the Organization) 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 the Organization's major federal program for the year ended June 30, 2023. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 responsibility under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance  
 RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
December 19, 2023

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b><u>United States Department Agriculture</u></b>			
Passed through the Louisiana Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.553	Unknown	\$ 281,450
Supply Chain Assistance Funds	10.555	Unknown	42,989
P-EBT Administrative Costs	10.649	Unknown	<u>653</u>
Total Child Nutrition Cluster			325,092
<b>Total United States Department of Agriculture</b>			<u>325,092</u>
<b><u>United States Department of Education</u></b>			
Passed through the Louisiana Department of Education			
Title I Grants to Local Education Agencies (LEAs)	84.010A	28-21-T1-WZ, 28-21-T1-WY	595,928
Title I - Part A (Redesign 1003a)	84.010A	28-22-RD19-WZ	<u>8,700</u>
Total Title I			604,628
Title IIA - Supporting Effective Student Instruction	84.367A	28-23-50-(WZ, WY)	<u>99,876</u>
Title IV - Student Support and Academic Enrichment Program	84.424A	28-22-71-WZ	<u>4,063</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_I_Formula)	84.425D*	28-20-ESRI-(WZ, WY)	23,164
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_II_Formula)	84.425D*	28-21-ES2F-(WZ, WY)	605,755
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_III_Formula)	84.425U*	28-21-ES3F-(WZ, WY)	1,241,305
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_III_Intervention)	84.425U*	28-21-ESEB-(WZ, WY)	205,472
Total Education Stabilization Fund *			<u>2,075,696</u>
Special Education - IDEA Part B 611	84.027A	28-23-B1-(WZ, WY)	326,305
Special Education - Preschool Grants (IDEA Preschool)	84.173A	28-23-P1- (WZ,WY)	19,142
COVID-19 - American Rescue Plan (IDEA 619 ARP)	84.173X	28-22-IA19(WZ, WY)	4,641
Special Education - High Cost Services	84.027	28-23-RK-(WZ, WY)	44,376
COVID-19 - American Rescue Plan (IDEA 611 ARP)	84.027X	28-22-IA11-(WZ, WY)	<u>55,400</u>
Total Special Education Cluster (IDEA)			449,864
<b>Total United States Department of Education</b>			<u>3,234,127</u>
<b><u>United States Department of Health and Human Services</u></b>			
Passed through the Louisiana Department of Education			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			
Safer, Smarter Schools	93.323	28-22-LDHS-WZ, 28-22-LDHS-WY	<u>58,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,617,219</u>

\* Denotes Major Program

See notes to schedule of expenditures of federal awards

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Schedule of Expenditures of Federal Awards**

---

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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).

**Note 2. Indirect Cost Rate**

The Organization did not include any expenditures related to indirect cost rate calculations nor any 10% de minimis cost rate calculations in its schedule of expenditures of federal awards as there were no indirect cost rates utilized as part of the federal grant activity.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

---

**Section I. Summary of Auditor's Results**

Financial Statements

- |  |            |
|--|------------|
| 1) Type of auditor's report  | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters    |            |
| a) Material weaknesses identified?   | No         |
| b) Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c) Noncompliance noted?  | Yes        |
| 3) Management letter comment provided?   | None       |

Federal Awards

- |   |               |
|---|---------------|
| 4) Internal control over major programs   |               |
| a) Material weaknesses identified?  | No            |
| b) Significant deficiencies identified not considered to be material weaknesses?            | None reported |
| 5) Type of auditor's report issued on compliance for major programs                         | Unmodified    |
| 6) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7) Identification of major programs   |               |
| 84.425 - COVID-19 - Education Stabilization Fund  |               |
| 8) Dollar threshold used to distinguish between Type A and B programs                       | \$750,000     |
| 9) Auditee qualified as a low-risk auditee under Uniform Guidance                           | Yes           |

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2023**

---

**Section II. Internal Control Over Financial Reporting**

**2023-01 - Misappropriation of Public Funds**

**Condition:**

In accordance with Louisiana Revised Statutes 24:523 and 42:1102 (2) (a) and (3), management of the Organization self-reported to us and to the Louisiana Legislative Auditor an incident involving the misappropriation of funds within the Organization. This misappropriation occurred as a result of a cyber incident in which unauthorized individuals gained access to the financial systems and requested payments posing as management of the Organization, leading to the transfer of funds to an unauthorized account. The Organization has also filed multiple reports with the police department, the district attorney, and the Secret Service related to this misappropriation.

**Criteria:**

The established Louisiana Revised Statutes require that significant misappropriation of public funds be reported to the auditor and to the Louisiana Legislative Auditor.

**Cause:**

The misappropriation of funds occurred due to a breach in the Organization's cybersecurity and information technology environment, including e-mail systems.

**Effect:**

Two separate payments of approximately \$22,337 and \$116,241, totaling \$138,578 were made to a fraudulent account. The Organization was unable to recover funds from its financial institution. The Organization has recovered \$100,000 from its cyber insurance carrier. Additional costs have been incurred for legal review, consultations, and investigations.

**Recommendation:**

In response to this finding, we recommend that the Organization undertake the following measures:

**Strengthen cybersecurity measures:** Enhance the Organization's cybersecurity and information systems environment to prevent future unauthorized access and mitigate the risk of cyber threats.

**Review internal controls:** Conduct a comprehensive review of internal controls related to financial transactions, with a focus on segregation of duties, vendor management, and authorization rights and protocols.

**Employee training and awareness:** Implement training programs to enhance staff awareness of cybersecurity risks, including phishing attempts and social engineering tactics.

**Incident response plan:** Develop and regularly update an incident response plan to ensure a swift and effective response to future cybersecurity incidents.

**Management's Response:** See attached

**FRENCH AND MONTESSORI EDUCATION, INC.**  
**D/B/A AUDUBON SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2023**

---

**Section III. Findings and Questioned Costs Related to Major Federal Award Programs**

None.



**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON SCHOOLS  
NEW ORLEANS, LOUISIANA  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2023**

---

**Section II. Internal Control Over Financial Reporting**

None.

**Section III. Compliance and Other Matters**

None.

# Coversheet

## Approve the School Facility Preservation Program Revolving Loan Fund Agreement for Live Oak

**Section:** III. Action Items  
**Item:** A. Approve the School Facility Preservation Program Revolving Loan  
Fund Agreement for Live Oak  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** RLF\_Live Oak.pdf

**SCHOOL FACILITY PRESERVATION  
PROGRAM REVOLVING LOAN FUND  
AGREEMENT DISTRICT MANAGEMENT  
LIVE OAK ELEMENTARY SCHOOL**

**THIS REVOLVING LOAN FUND AGREEMENT** (this “*Agreement*”) is made and entered into as of January 11<sup>th</sup>, 2024 (the “*Closing Date*”), by and between Audubon Charter Schools (“*Charter School Operator*”), represented herein by its undersigned Chairman of the Board and **ORLEANS PARISH SCHOOL BOARD** (“*OPSB*”) represented herein by its undersigned Chairman.

**WHEREAS**, La. R.S. 17:100.11 (“*School Facilities Preservation Act*”) requires OPSB to establish a School Facility Preservation Program (“*SFPP*”) for public schools to be funded, structured, and operated in accordance with the provisions of the School Facilities Preservation Act for all public schools;

**WHEREAS**, OPSB approved a policy (“*OPSB Policy FJ*”) that equitably funds the preservation of all public school facilities in Orleans Parish, governs the implementation of the SFPP, and governs the establishment OF FACILITY repair and replacement accounts (“*School Facility Accounts*”) in which local ad valorem and sales tax revenues (“*Facility Funds*”) designated under state law are deposited to fund the SFPP;

**WHEREAS**, the SFPP is designed to provide emergency and planned capital repairs and capital improvements for public school facilities in Orleans Parish and is incorporated into the NOLA Public Schools Facility Procedures Handbook (“*Facility Procedures Handbook*”);

**WHEREAS**, the Facility Procedures Handbook describes the functions of OPSB’s Facilities Office and establishes policies governing (i) eligible repairs and replacements at a School, (ii) how Schools are to handle emergency repairs and planned capital repairs and capital improvements, (iii) approval of loan applications from the Revolving Loan Fund, (iv) maintenance of a minimum balance in the Revolving Loan Fund, (v) priorities for granting loans, and (vi) other aspects of administering the Revolving Loan Fund and loans made from it;

**WHEREAS**, the SFPP describes (i) how a School Facility Account is to be established and maintained for each Campus and how such School Facility Accounts are to be used only for emergency repairs or planned capital repairs and replacements on the Campus for which the School Facility Account is established, (ii) how the Revolving Loan Fund is to be used to finance emergency or planned capital repairs and replacements on a Campus, and (iii) how a Capital Improvement Fund will make grants to Charter School Operators to finance preservation, capital improvements, capital repairs and/or construction of facilities on a Campus;

**WHEREAS**, the SFPP permits OPSB to make loans to a Charter School Operator from

the Revolving Loan Fund to finance emergency or planned repairs on a Campus only if the balance in the School Facility Account is below seventy-five thousand dollars; provided, however, if a School will use funds from the School Facility Account to fund a portion of a repair or replacement project, a loan from the Revolving Loan Fund may be made for a project if the project's budgeted expenditures will result in a balance in the School Facility Account below seventy-five thousand dollars;

**WHEREAS**, OPSB and the Charter Operator have entered into a Charter School Facilities Lease ("*Facilities Lease*") for Live Oak Elementary School ("Audubon Uptown Upper School Campus"), located at 3128 Constance Street, New Orleans, LA 70115 pursuant to which the Audubon Uptown Upper School Campus is leased by OPSB upon terms and conditions set forth in the Facilities Lease for a term commencing on July 1, 2021 and terminating on June 30, 2031, unless otherwise terminated for any reason permitted under any provision of the Facilities Lease or the law;

**WHEREAS**, the Facility Procedures Handbook is specifically referenced and incorporated into each Facilities Lease;

**WHEREAS**, the SFPP Chapter in the Facility Procedures Handbook provides the guiding procedures, administrative processes, and applicable timelines for key elements of the SFPP and describes two Project Management Models in which Charter Management Organizations ("*CMOs*") may either elect OPSB to manage their SFPP-funded projects ("*District Management*") or choose to manage their own SFPP-funded projects ("*CMO Management*");

**WHEREAS**, the Facility Procedures Handbook provides that a Memorandum of Understanding ("*MOU*") between the OPSB and the CMO will be executed if a CMO elects District Management of SFPP-funded projects;

**WHEREAS**, OPSB and the Charter Operator have entered into a MOU providing that the CMO elected the District Management Model;

**WHEREAS**, OPSB has determined that the balance in the School Facility Account for the Audubon Uptown Upper School Campus will be less than seventy-five thousand dollars in order to complete the emergency repairs and/or planned capital repairs and capital improvements on the Audubon Uptown Upper School Campus;

**WHEREAS**, the School Facilities Preservation Act requires any loan to a Charter School Operator for emergency repairs and planned capital repairs and capital improvements from the Revolving Loan Fund be repaid from funds deposited to the School Facility Account for the Audubon Uptown Upper School Campus;

**WHEREAS**, the School Facilities Preservation Act further requires a successor Charter School Operator of another School occupying a Campus that is vacated by a Charter School Operator with an unpaid loan from the Revolving Loan Fund to assume the unpaid balance of the debt;

**WHEREAS**, this Agreement is intended to memorialize the terms of a loan by OPSB from the Revolving Loan Fund to the Charter School Operator to be used to finance emergency repairs and/or planned capital repairs and capital improvements on the Audubon Uptown Upper School Campus and how the loan is to be repaid from deposits to the School Facility Account for the Audubon Uptown Upper School Campus until fully repaid;

**WHEREAS**, parties to this Agreement agree that this Agreement is hereby incorporated into the Facilities Lease of Live Oak Elementary School on the Audubon Uptown Upper School Campus and shall be incorporated into any successor Facilities Lease for the Audubon Uptown Upper School Campus;

For and in consideration of the recitals and mutual promises contained herein, Charter School Operator and OPSB confirm and agree as follows:

## 1. RECITALS; DEFINITIONS

1.1 **Loan.** Charter School Operator has applied to OPSB for a loan from the Revolving Loan Fund. OPSB has agreed to make the Loan under the terms of this Agreement and the SFPP. The amount and the date of each Advance on the Loan shall be memorialized in the financial records of OPSB. Proceeds of the Loan shall be used to fund a portion of the emergency repair and/or planned capital repairs and capital improvements constituting the Project (herein defined) to the Live Oak Elementary School on the Audubon Uptown Upper School Campus.

1.2 **Definitions.** Unless otherwise defined below, capitalized terms used in this Agreement are defined in the OPSB Policy FJ, the Facility Procedures Handbook, the Facilities Lease, and the MOU:

*“Additive Change Order”* means Work that is added with the approval of OPSB and Charter School Operator to the original scope of Work of the Construction Contract.

*“Administrative Fee”* means twenty percent (20%) of the Project Budget reduced by the Origination Fee.

*“Advance”* means individually a disbursement and collectively disbursements under the Loan. *“Architect”* means a trained, accredited and registered professional, who is qualified to design, plan, advise and aide in the procurement of both the private and public construction projects.

*“Architect Agreement”* if applicable, means the contract between OPSB and the Architect, providing for the design of the emergency repair and planned capital repairs and capital improvements project and the supervision of the construction thereof.

*“Architect’s Completion Certificate”* if applicable, means the Architect’s Certificate in the form attached hereto as **Exhibit D**.

*“Budgeted Contingency”* means an amount equal to not less than ten percent (10%) and not

more than fifteen percent (15%) of the Construction Contract that is shown as Project Funds in the Project Budget evidenced in **Exhibit A**.

“*Change Order*” means an Additive Change Order or a Deductive Change Order.

“*Completion*” means, with respect to the Project, that each of the following conditions has been satisfied:

(i) OPSB and Charter School Operator shall have received a schedule of all Punchlist Items attached to an AIA Form G-704 or other similar notice of substantial Completion, in form and substance approved by OPSB, executed by the Contractor, and Architect;

(ii) OPSB and Charter School Operator shall have obtained the Governmental Actions, if any, required by all Governmental Authorities associated with the Project, including use and occupancy permits (if any are required), and OPSB and Charter School Operator have obtained true copies of all such Governmental Actions. Temporary certificates of occupancy, as opposed to final certificates of occupancy or their equivalent, shall be acceptable provided (A) that the Punchlist Items do not have a total cost to complete exceeding two percent (2%) of the contract price of the Construction Contract, nor an estimated time to complete, as reasonably determined by the Engineering Consultant, exceeding forty-five (45) days (except for items such as landscaping, the completion of which is subject to seasonal conditions), (B) such Punchlist Items do not substantially interfere with or prevent the use and occupancy of the Project, (C) such Punchlist Items do not include major appliances or materially affect the systems (including plumbing, electrical, HVAC, mechanical, roofing and sprinklers) serving the Project or major structural components of the Project, and (D) adequate reserves, in amounts equal to 110% of the cost of completion of such items as estimated by the Architect and approved by the Engineering Consultant (or 125%, with respect to the items described in subsection (A) as being subject to seasonal conditions) have been reserved for the Project in the Project Budget;

(iii) as to all such Governmental Actions, no appeal or other action or proceeding challenging any such Governmental Actions shall have been filed or, if filed and decided, there shall have been no appeal (or further appeal) taken and all other statutory appeal periods must have expired, and there shall be no claim, litigation or governmental proceeding pending against the Project challenging the validity or the issuance of any zoning, subdivision or other land use ordinance, variance, permit or approval, or any Governmental Action of the kind described in this subparagraph (iii). In addition, as to all of such permits, approvals and certificates having statutory, regulatory or otherwise expressly specified and determinable appeal periods, such periods, if any, must have expired without an appeal having been taken (or any such appeal shall have been denied or shall have affirmed the granting of such Governmental Action); and

(iv) if applicable, the Architect Completion Certificate in the form attached hereto as **Exhibit D** shall have been provided to OPSB and Charter School Operator and shall be reasonably acceptable to the OPSB and Charter School Operator.

“*Completion Date*” means the date by which the construction of the Project must achieve Completion. The initial Completion Date is set forth in the Construction Schedule; provided, however, that the Completion Date may be extended one or more times for such periods as OPSB may approve in its sole discretion with notice to Charter School Operator, upon delivery of such other information and funds as reasonably required by OPSB.

“*Construction Closeout Deliveries*” means, with respect to the Project, that each of the following conditions has been satisfied:

- (i) All conditions to Completion have been satisfied;
- (ii) OPSB and Charter School Operator shall have received a copy of the final Plans and Specifications containing all Change Orders approved by OPSB;
- (iii) If applicable, OPSB and Charter School Operator shall have received from the Architect, and the Engineering Consultant shall have approved, a certificate of the Architect in the form attached as **Exhibit D** hereto and otherwise customary for projects of the scope of the Work for the Project with respect to completion of the Work for the Project;
- (iv) all Work set forth in the Plans and Specifications for the Project shall have been incorporated into the Project; and
- (v) with respect to all contractors and subcontractors and materialmen the Contractor shall have obtained an unconditional waiver and release (or a conditional waiver and release conditioned solely upon receipt of final payment) of mechanics’ and materialmen’s liens for all of the Work at the Project and true copies thereof have been delivered to the OPSB and Charter School Operator.

“*Construction Schedule*” means the schedule of construction listed in the Project Loan Documents attached hereto as **Exhibit B**.

“*Contractor*” means any individual or organization that is hired to furnish supplies and perform work for another individual or organization on a contract basis.

“*Deductive Change Order*” means Work that is deleted from the original scope of work of the Construction Contract with the approval of OPSB and Charter School Operator.

“*Engineering Consultant*” means a consultant licensed to practice in the State and chosen by OPSB, with written notice to Charter School Operator.

“*Governmental Action*” means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, and notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to construct, use, operate and maintain any of the Project.

“*Governmental Authority*” means any federal, state, or local governmental or quasi-governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the Project.

“*Loan*” means the loan from the Revolving Loan Fund at zero percent (0.00%) interest approved by OPSB in the initial aggregate principal sum of up to Four Million, Fourteen Thousand, Seven Hundred Ninety One and 85/100 Dollars (**\$4,014,791.85**) to finance the Project in whole or in part; provided, however, that the principal sum shall be increased automatically by any Net Change Order.

“*Minimum Facility Fund Balance*” means seventy-five thousand dollars.

“*MOU*” means the Memorandum of Understanding entered into the 1st day of July, 2021, between OPSB and the Charter School Operator, operator of the Live Oak Elementary School.

“*Net Change Order*” means that the net sum of Additive Change Orders and Deductive Change Orders exceeds the Budgeted Contingency.

“*Origination Fee*” means \$0.00. .

“*Plans and Specifications*” means the working plans and detailed specifications prepared by the Architect in connection with emergency repair and planned capital repairs and capital improvements project to the Live Oak Elementary School on the Audubon Uptown Upper School Campus.

“*Project*” means the emergency repairs or planned capital repairs and capital improvements on the Audubon Uptown Upper School Campus approved by OPSB and Charter School Operator and described in **Exhibit A** hereto.

“*Project Budget*” means the Project Funds and the Project Costs as shown in **Exhibit A** hereto.

“*Project Costs*” means cumulative expenditure of Project Funds, including any Administrative Fee or Origination Fee, required to complete the Project as submitted by the Charter Operator and approved by OPSB.

“*Project Funds*” means the sources of funds, including Facility Funds and proceeds of the Loan, inclusive of Contingency, to pay Project Costs.

“*Project Loan Documents*” means this Agreement and the documents listed in **Exhibit B** hereto, including any other document reasonably requested by OPSB in form and substance reasonably satisfactory to OPSB and shared with Charter School Operator.

“*Punchlist Items*” means any items necessary at the time of the issuance of a temporary use and occupancy permit to complete fully the construction of the Project in accordance with the Plans



and Specifications for the Project, or required for the issuance of a final certificate of occupancy or its equivalent.

“*Requisition Form*” means the Revolving Loan Fund Requisition Form in the form attached hereto as **Exhibit C**.

“*Schedule of Loan Advances*” means the periodic disbursement of Advances on the Loan as memorialized in the financial records of OPSB.

“*Schedule of Repayments Credited to Revolving Loan Fund*” means the amounts of Facility Funds in excess of the Minimum Facility Fund Balance that shall be credited to the Revolving Loan Fund as memorialized in the financial records of OPSB.

“*Work*” means the items of construction of the Project required to be performed under the Plans and Specifications.

## 2. FACILITY FUNDS, SCOPE OF PROJECT; ADVANCES

2.1 School Facility Account. Facility Funds in excess of the Minimum Facility Fund Balance shall be used to fund the Project prior to any Advance on the Loan. In accordance with the School Facilities Preservation Act and SFPP, deposits to the Facility Fund dedicated to the Audubon Uptown Upper School Campus following completion of the Project will be credited to the Revolving Loan Fund and memorialized in the financial records of OPSB.

2.2 Scope of Project. A narrative description of the Project, including the Project Budget which is hereby approved by OPSB, is attached as **Exhibit A** hereto.

2.3 Advances. Subject to the conditions set forth in this Agreement, OPSB agrees to fund the Loan from the Revolving Loan Fund based upon periodic Advances memorialized by OPSB on **Schedule I**. Advances on Loan shall be used only for the Project in accordance with the Project Budget.

2.4 Method of Advances. The Charter School Operator has executed a SFPP District Project Management MOU; therefore, OPSB will manage the Project and disburse proceeds of the Loan and Facility Funds directly to contractors approved to complete the Project. OPSB’s Facilities Office will arrange and approve disbursements of the proceeds of the Loan and Facility Funds to complete the Project using the Requisition Form attached hereto as **Exhibit C**. OPSB shall notify Charter School Operator of the amount and date when such disbursements are made.

2.5 Nonrecourse. Notwithstanding anything to the contrary contained in this Agreement, OPSB agrees that the Loan is nonrecourse to Charter School Operator and its members, and neither Charter School Operator nor any of its members shall be personally liable for the payment of principal, interest and other amounts which may become due and payable under the Loan, provided, however, that Charter School Operator shall be personally liable to the extent it commits gross negligence, fraud, willful misconduct, or malfeasance.

2.6 Repayment of the Loan. The Charter School Operator acknowledges and agrees that the Loan shall be repaid from Facility Funds that would otherwise be deposited or credited to the School Facility Account for the Audubon Uptown Upper School Campus. OPSB shall maintain the Schedule of Repayments Credited to Revolving Loan and share such Schedule with Charter School Operator on at least an annual basis. No repayment shall be credited to the Revolving Loan Fund if such repayment will result in the balance of the School Facility Funds Account for the Audubon Uptown Upper School Campus falling below the Minimum Facility Fund Balance.

**3. COLLATERAL FOR THE LOAN AND PLEDGE OF FACILITY FUNDS.**

The Loan shall be secured by the School Facility Account for the Audubon Uptown Upper School Campus. By executing a Facilities Lease, the Charter School Operator and any successor operating a School on the Audubon Uptown Upper School Campus acknowledge and agree that the Loan shall be repaid from School Facility Account credited to the Revolving Loan Fund that would otherwise be deposited or credited to the School Facility Account for the Audubon Uptown Upper School Campus. Neither the Charter School Operator nor any successor operating a School on the Audubon Uptown Upper School Campus has authority to pledge the School Facility Account for the Audubon Uptown Upper School Campus to any indebtedness of the Charter School Operator other than with respect to the Loan from OPSB. The Charter School Operator acknowledges and agree that OPSB may pledge the School Facility Account for the Audubon Uptown Upper School Campus in connection with any indebtedness incurred by OPSB for emergency repairs or planned capital repairs and capital improvements projects on the Audubon Uptown Upper School Campus. OPSB shall notify the Charter School Operator of such pledge.

**4. CONDITIONS PRECEDENT FOR CLOSING DATE AND FOR ADVANCES SUBSEQUENT TO CLOSING DATE.**

The obligation of OPSB to make the Loan on the Closing Date and any Advance thereafter is subject to the following express conditions precedent:

4.1 Project Loan Documents. Project Loan Documents in form and substance reasonably satisfactory to OPSB shall have been executed.

4.2 Representations True. All representations and warranties by Charter School Operator shall be true and correct as of the Closing Date and as of the date of each Advance and all obligations that Charter School Operator is to have performed or complied with by the date hereof and by the date of each Advance shall have been performed or complied with.

4.3 No Event of Default. As of the Closing Date and as of the date of each Advance, no Event of Default exists, and no event has occurred and no condition exists that, after notice or lapse of time, or both, would constitute an Event of Default.

**5. REPRESENTATIONS AND WARRANTIES.** Charter School Operator represents and

warrants to OPSB as follows:

- 5.1 Recitals and Statements. The recitals in this Agreement are true and correct.
- 5.2 Organization and Good Standing. Charter School Operator is duly organized, validly existing and in good standing under the laws of the State of Louisiana and is, to the extent required by law, qualified to do business and is in good standing in each state in which it is doing business.
- 5.3 Power. The execution, delivery, and performance of the Project Loan Documents to which the Charter School Operator is a party have been duly authorized by all requisite action on the part of Charter School Operator.
- 5.4 Authority. Charter School Operator is fully authorized and permitted to enter into this Agreement, to execute any and all documentation required by this Agreement, to borrow the amounts on the terms set forth therein, and to perform the terms of this Agreement, none of which conflicts with any provision of any law, rule or regulation applicable to Charter School Operator, or any of the documents under which Charter School Operator is organized. Any Project Loan Document executed by the Charter Operator will be a valid and binding legal obligation of Charter School Operator, and each will be enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the rights of creditors generally.
- 5.5 No Breach. The execution, delivery and performance by Charter School Operator of the Project Loan Documents will not result in any breach of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument under which Charter School Operator is a party or is obligated. Charter School Operator is not in default in the performance or observance of any covenants, conditions or provisions of any such agreement or instrument.
- 5.6 No Actions. Except as disclosed to OPSB in writing prior to the date of this Agreement, no actions, suits or proceedings are pending or threatened against Charter School Operator that might materially and adversely affect the performance by Charter School Operator under this Agreement or the financial condition, business or operations of Charter School Operator.
- 5.7 Financial Statements True. All financial statements, profit and loss statements, statements as to ownership and other statements or reports previously or hereafter given to OPSB by or on behalf of Charter School Operator are and shall be true, complete and correct as of the date thereof to the best knowledge of Charter School Operator at the time of submission.
- 5.8 Filing of Taxes. Charter School Operator has filed all federal, state and local tax returns and has paid all of its current obligations before delinquent, including all federal, state and local taxes and all other payments required under federal, state or local law.
- 5.9 Insurance. Charter School Operator has and shall maintain all insurance coverages reasonably requested by OPSB and available at reasonable rates, including property insurance, casualty and hazard insurance, and comprehensive general public liability insurance.

## 6. AFFIRMATIVE COVENANTS.

Until the Loan has been paid in full and all of Charter School Operator's obligations hereunder have been fully discharged:

6.1 Books and Records; Access. Charter School Operator shall maintain, in a safe place, proper and accurate books and records relating to its operations and its business affairs. OPSB shall have the right from time to time during reasonable business hours to examine and to make abstracts from and photocopies of, Charter School Operator's books and records.

6.2 Financial Reports. OPSB shall provide financial statements to the Charter School Operator within ninety (90) days of the end of each fiscal year as to (i) the deposit or credit of Facility Funds to the School Facility Account for the Audubon Uptown Upper School Campus, (ii) the Advances on the Loan made by OPSB, and (iii) the Facility Funds credited to the Revolving Loan Fund to repay the Loan that would otherwise be credited to the School Facility Funds Account for the Audubon Uptown Upper School Campus.

6.3 Other Matters. Charter School Operator shall comply with all regulatory requirements applicable to its business.

6.4 Other Information. Charter School Operator shall keep OPSB informed of all current and contingent liabilities outside the normal course of business, including all litigation as filed.

## 7. DEFAULT

7.1 Event of Default. The occurrence of any of the following events or conditions with respect to Charter School Operator or any Affiliate shall constitute an Event of Default under this Agreement:

(a) Any failure or neglect to perform or observe any of the covenants, conditions or provisions of the Project Loan Documents; provided OPSB shall give Charter School Operator written notice specifying the failure to perform. If within thirty (30) days after receipt of such notice Charter School Operator has not either corrected the failure or, in the case which cannot be corrected in thirty (30) days, begun in good faith to correct the failure and thereafter proceeded diligently to complete such correction, then OPSB may, at its option, place Charter School Operator in default.

(b) Any warranty, representation or material statement contained in the Project Loan Documents or made or furnished to OPSB that shall be or shall prove to have been false or misleading when made or furnished.

(c) The filing by or against Charter School Operator of any proceeding under the federal bankruptcy laws now or hereafter existing or any other similar statute now or hereafter

in effect which is not dismissed within sixty (60) days after the filing; the entry of an order for relief under such laws; or the appointment of a receiver, trustee, custodian or conservator of all or any part of the assets of Charter School Operator.

(d) The insolvency of Charter School Operator; or the execution by Charter School Operator of an assignment for the benefit of creditors; or the failure to pay its uncontested debts as they mature.

(e) The occurrence of any event of default under any of the Project Loan Documents and the expiration of any applicable notice and cure period.

7.2 Remedies. Upon the occurrence of an Event of Default and while such Event of Default is continuing, the commitment of the OPSB to make Advances hereunder shall immediately terminate and the Loan and all other indebtedness of Charter School Operator hereunder shall become immediately due and payable. In addition, upon the occurrence of any Event of Default and while such Event of Default is continuing, OPSB may do one or more of the following:

(a) Proceed to protect and enforce its rights and remedies under all Project Loan Documents;

(b) Avail itself of any other relief to which OPSB may be legally or equitably entitled, in whatever order it deems appropriate.

## 8. MISCELLANEOUS

8.1 Delay or Omission. No delay or omission by OPSB or Charter School Operator in exercising any right or remedy shall be construed as a waiver by or acquiescence in any Event of Default.

8.2 No Third-Party Beneficiaries. This Agreement is made for the sole protection and benefit of the parties hereto and no other person or entity shall have any right of action hereon.

8.3 Interpretation. The Project Loan Documents embody the entire understanding of the parties with respect to Advances for the purposes set forth in this document. No modification of the Project Loan Documents shall be valid unless signed by Charter School Operator and OPSB. This Agreement shall be governed by and construed according to the laws of the State of Louisiana. Terms capitalized in this Agreement but not defined in this Agreement shall have the meanings assigned to them in the Facility Procedures Handbook.

8.4 Survival. All of Charter School Operator's obligations, including the payment of the Loan, shall survive this Agreement and shall continue so long as any part of the Loan, or any extension or renewal thereof, remains outstanding. The Project Loan Documents shall be binding on the Charter School Operator and its successors and assigns.

## 8.5 JURY WAIVER. CHARTER SCHOOL OPERATOR AND OPSB HEREBY

**VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT, ANY OTHER LOAN DOCUMENT OR ANY RELATIONSHIP BETWEEN OPSB AND CHARTER SCHOOL OPERATOR. THIS PROVISION IS A MATERIAL INDUCEMENT TO OPSB TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER PROJECT LOAN DOCUMENTS.**

8.6 Choice of Law. This Agreement shall be governed by and construed according to the laws of the State of Louisiana, without giving effect to conflict of laws principles. Any action or proceeding by either Party to enforce this Agreement shall be brought only in any state or federal court located in the State of Louisiana, parish of Orleans. OPSB and Charter School Operator hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

8.7 Headings. The headings or captions of sections and paragraphs in this Agreement are for reference only, do not define or limit the provisions of such sections or paragraphs, and shall not affect the interpretation of this Agreement.

8.8 Counterparts. This Agreement may be executed in counterparts, all of which shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

8.9 Severability. Should any provision of this Agreement be held by a court or arbitral authority of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, that holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding on OPSB and Charter School Operator with any modification to become a part of and treated as though originally set forth in this Agreement.

[Remainder of Page Intentionally Left  
Blank; Signature Page Follows

**IN WITNESS WHEREOF**, this Revolving Loan Fund Agreement has been executed by the Charter School Operator and OPSB as of the date first written above.

**CHARTER SCHOOL OPERATOR:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ORLEANS PARISH SCHOOL BOARD:**

By: \_\_\_\_\_

Name: Katherine Baudouin

Title: Board President

**Exhibit A**

**PROJECT NARRATIVE AND PROJECT BUDGET**

<b>Live Oak Elementary School - Audubon Uptown Upper School Building Repairs</b>				
<b>Project Narrative</b>	Replacement of all existing wood windows with wood clad metal windows. Wood rails replacement. Replacement of damaged exterior wood doors with exterior grade metal doors and frames of same profile. Roof system replacement. And as a planned year 1 capital project, NOLA-PS is replacing chiller unit on roof.			
<b>Funding Source</b>	<b>Total</b>	<b>SFPP (Fund 60)</b>	<b>SFA 2022 (Fund 64)</b>	<b>Revolving Loan (Fund 62)</b>
<b>Fund Amounts requested</b>	<b>\$ 5,887,672.80</b>	<b>\$ 2,928,269.00</b>	<b>\$ 308,000.00</b>	<b>\$ 2,651,403.80</b>
<b>Williams Contract (22FAC0013)</b>	\$ 202,058.00	\$ 202,058.00		
Reimbursement allowance	\$ 2,500.00	\$ 2,500.00		
Amendment #1	-	-		
Amendment #2	-	-		
<b>Total Architect Fees</b>	<b>\$ 204,558.00</b>	\$ 204,558.00		
<b>Other Fees</b>				
Terracon Environmental design	\$ 17,336.00	\$ 17,336.00		
Terracon Site testing/clearance	\$ 10,000.00	\$ 10,000.00		
Owner testing allowance	\$ 30,000.00	\$ 30,000.00		
<b>Total Other Fees</b>	<b>\$ 57,336.00</b>	\$ 57,336.00		
<b>Construction Bldg Repairs</b>				
CDW Services	\$ 4,030,000.00	\$ 1,675,096.20	\$ 308,000.00	\$ 2,046,903.80
Change Order Contingency (15%)	\$ 604,500.00			\$ 604,500.00
Furniture/ Move Contingency	\$ 10,000.00	\$ 10,000.00		
OPSB Management Fee (20%)	\$ 981,278.80	\$ 981,278.80		
Total Cost per Fund Source	NA	\$ 2,928,269.00	\$ 308,000.00	\$ 2,651,403.80
<b>Total Construction Cost</b>	<b>\$ 4,644,500.00</b>			
	<b>Total</b>	<b>SFPP</b>	<b>RLF</b>	<b>SFA</b>
<b>Total cost all Project Services</b>	<b>\$ 5,887,672.80</b>			





**\*\*If Changes Orders are executed, the Revolving Loan Fund Agreement shall be modified to reflect increases to the total project budget.**

**Exhibit B**  
**PROJECT LOAN DOCUMENTS**

Project Loan Closing Documents:

- i. Plans and Specifications
- ii. Building Permits
- iii. Construction Schedule
- iv. Notice of Contract, including Contractor's Payment and Performance Bond
- v. Revolving Loan Fund Requisition Form

Post Construction Project Loan Documents:

- i. Close Out Documents:
  - a. Warranty items
  - b. Operations and Maintenance Manuals
  - c. Record Submittals
  - d. As-built drawings and specifications
  - e. Warranty Tracker (1 year)
  - f. Field Reports
- ii. Retainage Release Documents:
  - a. DBE Documents
  - b. Clear Lien and Privilege Certificate

**Exhibit C  
REVOLVING LOAN FUND REQUISITION  
FORM**

**ORLEANS PARISH SCHOOL BOARD**

Requisition            566  
 FY                         2022

Date Ordered	Vendor Number	Date Required		Terms	Department
01/11/2024	10139				Facilities

LN	Description	Qty	Unit Price	Net Price
001	Requisition form shall be used to authorize the use of the designated "School Facility Account" funds in the present agreement to cover the total project cost as it is established in "Exhibit A".	1	\$4,014,791.85	\$4,014,791.85

**Requisition Total                         \$4,014,791.85**

**\*\*\*\* General Ledger Summary Section\*\*\*\***

<b>Account</b>	<b>Amount</b>
<b><u>62262001-584000-RLF</u></b>	<b><u>\$4,014,791.85</u></b>

## Coversheet

### Approve the School Facility Preservation Program Revolving Loan Fund Agreement for Audubon Gentilly

**Section:** III. Action Items  
**Item:** B. Approve the School Facility Preservation Program Revolving Loan  
Fund Agreement for Audubon Gentilly  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** RLF\_Gentilly Terrace.pdf

**SCHOOL FACILITY PRESERVATION  
PROGRAM REVOLVING LOAN FUND  
AGREEMENT DISTRICT MANAGEMENT  
AUDUBON GENTILLY SCHOOL**

**THIS REVOLVING LOAN FUND AGREEMENT** (this “*Agreement*”) is made and entered into as of January 18<sup>th</sup>, 2024 (the “*Closing Date*”), by and between Audubon Charter Schools (“*Charter School Operator*”), represented herein by its undersigned Chairman of the Board and **ORLEANS PARISH SCHOOL BOARD** (“*OPSB*”) represented herein by its undersigned Chairman.

**WHEREAS**, La. R.S. 17:100.11 (“*School Facilities Preservation Act*”) requires OPSB to establish a School Facility Preservation Program (“*SFPP*”) for public schools to be funded, structured, and operated in accordance with the provisions of the School Facilities Preservation Act for all public schools;

**WHEREAS**, OPSB approved a policy (“*OPSB Policy FJ*”) that equitably funds the preservation of all public school facilities in Orleans Parish, governs the implementation of the SFPP, and governs the establishment OF FACILITY repair and replacement accounts (“*School Facility Accounts*”) in which local ad valorem and sales tax revenues (“*Facility Funds*”) designated under state law are deposited to fund the SFPP;

**WHEREAS**, the SFPP is designed to provide emergency and planned capital repairs and capital improvements for public school facilities in Orleans Parish and is incorporated into the NOLA Public Schools Facility Procedures Handbook (“*Facility Procedures Handbook*”);

**WHEREAS**, the Facility Procedures Handbook describes the functions of OPSB’s Facilities Office and establishes policies governing (i) eligible repairs and replacements at a School, (ii) how Schools are to handle emergency repairs and planned capital repairs and capital improvements, (iii) approval of loan applications from the Revolving Loan Fund, (iv) maintenance of a minimum balance in the Revolving Loan Fund, (v) priorities for granting loans, and (vi) other aspects of administering the Revolving Loan Fund and loans made from it;

**WHEREAS**, the SFPP describes (i) how a School Facility Account is to be established and maintained for each Campus and how such School Facility Accounts are to be used only for emergency repairs or planned capital repairs and replacements on the Campus for which the School Facility Account is established, (ii) how the Revolving Loan Fund is to be used to finance emergency or planned capital repairs and replacements on a Campus, and (iii) how a Capital Improvement Fund will make grants to Charter School Operators to finance preservation, capital improvements, capital repairs and/or construction of facilities on a Campus;

**WHEREAS**, the SFPP permits OPSB to make loans to a Charter School Operator from the Revolving Loan Fund to finance emergency or planned repairs on a Campus only if the balance in the School Facility Account is below seventy-five thousand dollars; provided, however, if a School will use funds from the School Facility Account to fund a portion of a repair or replacement project, a loan from the Revolving Loan Fund may be made for a project if the project’s budgeted expenditures will result in a balance in the School Facility Account below seventy-five thousand dollars;

**WHEREAS**, OPSB and the Charter Operator have entered into a Charter School Facilities Lease (“*Facilities Lease*”) for Audubon Gentilly School (“*Gentilly Terrace Campus*”) , located at 4720 Painters Street, New Orleans, LA 70122 pursuant to which the Gentilly Terrace Campus is leased by OPSB upon terms and conditions set forth in the Facilities Lease for a term commencing on July 1, 2021 and terminating on June 30, 2031, unless otherwise terminated for any reason permitted under any provision of the Facilities Lease or the law;

**WHEREAS**, the Facility Procedures Handbook is specifically referenced and incorporated into each Facilities Lease;

**WHEREAS**, the SFPP Chapter in the Facility Procedures Handbook provides the guiding procedures, administrative processes, and applicable timelines for key elements of the SFPP and describes two Project Management Models in which Charter Management Organizations (“*CMOs*”) may either elect OPSB to manage their SFPP-funded projects (“*District Management*”) or choose to manage their own SFPP-funded projects (“*CMO Management*”);

**WHEREAS**, the Facility Procedures Handbook provides that a Memorandum of Understanding (“*MOU*”) between the OPSB and the CMO will be executed if a CMO elects District Management of SFPP-funded projects;

**WHEREAS**, OPSB and the Charter Operator have entered into a MOU providing that the CMO elected the District Management Model;

**WHEREAS**, OPSB has determined that the balance in the School Facility Account for the Gentilly Terrace Campus will be less than seventy-five thousand dollars in order to complete the emergency repairs and/or planned capital repairs and capital improvements on the Gentilly Terrace Campus;

**WHEREAS**, the School Facilities Preservation Act requires any loan to a Charter School Operator for emergency repairs and planned capital repairs and capital improvements from the Revolving Loan Fund be repaid from funds deposited to the School Facility Account for the Gentilly Terrace Campus;

**WHEREAS**, the School Facilities Preservation Act further requires a successor Charter School Operator of another School occupying a Campus that is vacated by a Charter School Operator with an unpaid loan from the Revolving Loan Fund to assume the unpaid balance of the debt;

**WHEREAS**, this Agreement is intended to memorialize the terms of a loan by OPSB from the Revolving Loan Fund to the Charter School Operator to be used to finance emergency repairs and/or planned capital repairs and capital improvements on the Gentilly Terrace Campus and how the loan is to be repaid from deposits to the School Facility Account for the Gentilly Terrace Campus until fully repaid;

**WHEREAS**, parties to this Agreement agree that this Agreement is hereby incorporated into the Facilities Lease of Audubon Gentilly School on the Gentilly Terrace Campus and shall be incorporated into any successor Facilities Lease for the Gentilly Terrace Campus;

For and in consideration of the recitals and mutual promises contained herein, Charter School Operator and OPSB confirm and agree as follows:

## 1. RECITALS; DEFINITIONS

1.1 **Loan.** Charter School Operator has applied to OPSB for a loan from the Revolving Loan Fund. OPSB has agreed to make the Loan under the terms of this Agreement and the SFPP. The amount and the date of each Advance on the Loan shall be memorialized in the financial records of OPSB. Proceeds of the Loan shall be used to fund a portion of the emergency repair and/or planned capital repairs and capital improvements constituting the Project (herein defined) to the Audubon Gentilly School on the Gentilly Terrace Campus.

1.2 **Definitions.** Unless otherwise defined below, capitalized terms used in this Agreement are defined in the OPSB Policy FJ, the Facility Procedures Handbook, the Facilities Lease, and the MOU:

*“Additive Change Order”* means Work that is added with the approval of OPSB and Charter School Operator to the original scope of Work of the Construction Contract.

*“Administrative Fee”* means twenty percent (20%) of the Project Budget reduced by the Origination Fee.

*“Advance”* means individually a disbursement and collectively disbursements under the Loan. *“Architect”* means a trained, accredited and registered professional, who is qualified to design, plan, advise and aide in the procurement of both the private and public construction projects.

*“Architect Agreement”* if applicable, means the contract between OPSB and the Architect, providing for the design of the emergency repair and planned capital repairs and capital improvements project and the supervision of the construction thereof.

*“Architect’s Completion Certificate”* if applicable, means the Architect’s Certificate in the form attached hereto as **Exhibit D**.

*“Budgeted Contingency”* means an amount equal to not less than ten percent (10%) and not more than fifteen percent (15%) of the Construction Contract that is shown as Project Funds in the

Project Budget evidenced in **Exhibit A**.

“*Change Order*” means an Additive Change Order or a Deductive Change Order.

“*Completion*” means, with respect to the Project, that each of the following conditions has been satisfied:

(i) OPSB and Charter School Operator shall have received a schedule of all Punchlist Items attached to an AIA Form G-704 or other similar notice of substantial Completion, in form and substance approved by OPSB, executed by the Contractor, and Architect;

(ii) OPSB and Charter School Operator shall have obtained the Governmental Actions, if any, required by all Governmental Authorities associated with the Project, including use and occupancy permits (if any are required), and OPSB and Charter School Operator have obtained true copies of all such Governmental Actions. Temporary certificates of occupancy, as opposed to final certificates of occupancy or their equivalent, shall be acceptable provided (A) that the Punchlist Items do not have a total cost to complete exceeding two percent (2%) of the contract price of the Construction Contract, nor an estimated time to complete, as reasonably determined by the Engineering Consultant, exceeding forty-five (45) days (except for items such as landscaping, the completion of which is subject to seasonal conditions), (B) such Punchlist Items do not substantially interfere with or prevent the use and occupancy of the Project, (C) such Punchlist Items do not include major appliances or materially affect the systems (including plumbing, electrical, HVAC, mechanical, roofing and sprinklers) serving the Project or major structural components of the Project, and (D) adequate reserves, in amounts equal to 110% of the cost of completion of such items as estimated by the Architect and approved by the Engineering Consultant (or 125%, with respect to the items described in subsection (A) as being subject to seasonal conditions) have been reserved for the Project in the Project Budget;

(iii) as to all such Governmental Actions, no appeal or other action or proceeding challenging any such Governmental Actions shall have been filed or, if filed and decided, there shall have been no appeal (or further appeal) taken and all other statutory appeal periods must have expired, and there shall be no claim, litigation or governmental proceeding pending against the Project challenging the validity or the issuance of any zoning, subdivision or other land use ordinance, variance, permit or approval, or any Governmental Action of the kind described in this subparagraph (iii). In addition, as to all of such permits, approvals and certificates having statutory, regulatory or otherwise expressly specified and determinable appeal periods, such periods, if any, must have expired without an appeal having been taken (or any such appeal shall have been denied or shall have affirmed the granting of such Governmental Action); and

(iv) if applicable, the Architect Completion Certificate in the form attached hereto as **Exhibit D** shall have been provided to OPSB and Charter School Operator and shall be reasonably acceptable to the OPSB and Charter School Operator.



“*Completion Date*” means the date by which the construction of the Project must achieve Completion. The initial Completion Date is set forth in the Construction Schedule; provided, however, that the Completion Date may be extended one or more times for such periods as OPSB may approve in its sole discretion with notice to Charter School Operator, upon delivery of such other information and funds as reasonably required by OPSB.

“*Construction Closeout Deliveries*” means, with respect to the Project, that each of the following conditions has been satisfied:

- (i) All conditions to Completion have been satisfied;
- (ii) OPSB and Charter School Operator shall have received a copy of the final Plans and Specifications containing all Change Orders approved by OPSB;
- (iii) If applicable, OPSB and Charter School Operator shall have received from the Architect, and the Engineering Consultant shall have approved, a certificate of the Architect in the form attached as **Exhibit D** hereto and otherwise customary for projects of the scope of the Work for the Project with respect to completion of the Work for the Project;
- (iv) all Work set forth in the Plans and Specifications for the Project shall have been incorporated into the Project; and
- (v) with respect to all contractors and subcontractors and material men the Contractor shall have obtained an unconditional waiver and release (or a conditional waiver and release conditioned solely upon receipt of final payment) of mechanics’ and materialmen’s liens for all of the Work at the Project and true copies thereof have been delivered to the OPSB and Charter School Operator.

“*Construction Schedule*” means the schedule of construction listed in the Project Loan Documents attached hereto as **Exhibit B**.

“*Contractor*” means any individual or organization that is hired to furnish supplies and perform work for another individual or organization on a contract basis.

“*Deductive Change Order*” means Work that is deleted from the original scope of work of the Construction Contract with the approval of OPSB and Charter School Operator.

“*Engineering Consultant*” means a consultant licensed to practice in the State and chosen by OPSB, with written notice to Charter School Operator.

“*Governmental Action*” means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, and notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to construct, use, operate and maintain any of the Project.

“*Governmental Authority*” means any federal, state, or local governmental or quasi-

governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the Project.

“*Loan*” means the loan from the Revolving Loan Fund at zero percent (0.00%) interest approved by OPSB in the initial aggregate principal sum of up to Nine Million, Eighty-Seven Thousand, Two Hundred Seventy-Four and 02/100 Dollars (**\$9,087,274.02**) to finance the Project in whole or in part; provided, however, that the principal sum shall be increased automatically by any Net Change Order.

“*Minimum Facility Fund Balance*” means seventy-five thousand dollars.

“*MOU*” means the Memorandum of Understanding entered into the 1st day of July, 2021, between OPSB and the Charter School Operator, operator of the Lawrence D. Crocker School.

“*Net Change Order*” means that the net sum of Additive Change Orders and Deductive Change Orders exceeds the Budgeted Contingency.

“*Origination Fee*” means \$0.00. .

“*Plans and Specifications*” means the working plans and detailed specifications prepared by the Architect in connection with emergency repair and planned capital repairs and capital improvements project to the Audubon Gentilly School on the Gentilly Terrace Campus.

“*Project*” means the emergency repairs or planned capital repairs and capital improvements on the Audubon Charter School Gentilly Campus approved by OPSB and Charter School Operator and described in **Exhibit A** hereto.

“*Project Budget*” means the Project Funds and the Project Costs as shown in **Exhibit A** hereto.

“*Project Costs*” means cumulative expenditure of Project Funds, including any Administrative Fee or Origination Fee, required to complete the Project as submitted by the Charter Operator and approved by OPSB.

“*Project Funds*” means the sources of funds, including Facility Funds and proceeds of the Loan, inclusive of Contingency, to pay Project Costs.

“*Project Loan Documents*” means this Agreement and the documents listed in **Exhibit B** hereto, including any other document reasonably requested by OPSB in form and substance reasonably satisfactory to OPSB and shared with Charter School Operator.

“*Punchlist Items*” means any items necessary at the time of the issuance of a temporary use and occupancy permit to complete fully the construction of the Project in accordance with the Plans and Specifications for the Project, or required for the issuance of a final certificate of occupancy or its equivalent.

“*Requisition Form*” means the Revolving Loan Fund Requisition Form in the form attached hereto as **Exhibit C**.

“*Schedule of Loan Advances*” means the periodic disbursement of Advances on the Loan as memorialized in the financial records of OPSB.

“*Schedule of Repayments Credited to Revolving Loan Fund*” means the amounts of Facility Funds in excess of the Minimum Facility Fund Balance that shall be credited to the Revolving Loan Fund as memorialized in the financial records of OPSB.

“*Work*” means the items of construction of the Project required to be performed under the Plans and Specifications.

## **2. FACILITY FUNDS, SCOPE OF PROJECT; ADVANCES**

2.1 School Facility Account. Facility Funds in excess of the Minimum Facility Fund Balance shall be used to fund the Project prior to any Advance on the Loan. In accordance with the School Facilities Preservation Act and SFPP, deposits to the Facility Fund dedicated to the Gently Terrace Campus following completion of the Project will be credited to the Revolving Loan Fund and memorialized in the financial records of OPSB.

2.2 Scope of Project. A narrative description of the Project, including the Project Budget which is hereby approved by OPSB, is attached as **Exhibit A** hereto.

2.3 Advances. Subject to the conditions set forth in this Agreement, OPSB agrees to fund the Loan from the Revolving Loan Fund based upon periodic Advances memorialized by OPSB on **Schedule I**. Advances on Loan shall be used only for the Project in accordance with the Project Budget.

2.4 Method of Advances. The Charter School Operator has executed a SFPP District Project Management MOU; therefore, OPSB will manage the Project and disburse proceeds of the Loan and Facility Funds directly to contractors approved to complete the Project. OPSB’s Facilities Office will arrange and approve disbursements of the proceeds of the Loan and Facility Funds to complete the Project using the Requisition Form attached hereto as **Exhibit C**. OPSB shall notify Charter School Operator of the amount and date when such disbursements are made.

2.5 Nonrecourse. Notwithstanding anything to the contrary contained in this Agreement, OPSB agrees that the Loan is nonrecourse to Charter School Operator and its members, and neither Charter School Operator nor any of its members shall be personally liable for the payment of principal, interest and other amounts which may become due and payable under the Loan, provided, however, that Charter School Operator shall be personally liable to the extent it commits gross negligence, fraud, willful misconduct, or malfeasance.

2.6 Repayment of the Loan. The Charter School Operator acknowledges and agrees that the Loan shall be repaid from Facility Funds that would otherwise be deposited or credited to the

School Facility Account for the Gentilly Terrace Campus. OPSB shall maintain the Schedule of Repayments Credited to Revolving Loan and share such Schedule with Charter School Operator on at least an annual basis. No repayment shall be credited to the Revolving Loan Fund if such repayment will result in the balance of the School Facility Funds Account for the Gentilly Terrace Campus falling below the Minimum Facility Fund Balance.

**3. COLLATERAL FOR THE LOAN AND PLEDGE OF FACILITY FUNDS.** The Loan shall be secured by the School Facility Account for the Gentilly Terrace Campus. By executing a Facilities Lease, the Charter School Operator and any successor operating a School on the Gentilly Terrace Campus acknowledge and agree that the Loan shall be repaid from School Facility Account credited to the Revolving Loan Fund that would otherwise be deposited or credited to the School Facility Account for the Gentilly Terrace Campus. Neither the Charter School Operator nor any successor operating a School on the Gentilly Terrace Campus has authority to pledge the School Facility Account for the Gentilly Terrace Campus to any indebtedness of the Charter School Operator other than with respect to the Loan from OPSB. The Charter School Operator acknowledges and agree that OPSB may pledge the School Facility Account for the Gentilly Terrace Campus in connection with any indebtedness incurred by OPSB for emergency repairs or planned capital repairs and capital improvements projects on the Gentilly Terrace Campus. OPSB shall notify the Charter School Operator of such pledge.

**4. CONDITIONS PRECEDENT FOR CLOSING DATE AND FOR ADVANCES SUBSEQUENT TO CLOSING DATE.**

The obligation of OPSB to make the Loan on the Closing Date and any Advance thereafter is subject to the following express conditions precedent:

4.1 Project Loan Documents. Project Loan Documents in form and substance reasonably satisfactory to OPSB shall have been executed.

4.2 Representations True. All representations and warranties by Charter School Operator shall be true and correct as of the Closing Date and as of the date of each Advance and all obligations that Charter School Operator is to have performed or complied with by the date hereof and by the date of each Advance shall have been performed or complied with.

4.3 No Event of Default. As of the Closing Date and as of the date of each Advance, no Event of Default exists, and no event has occurred and no condition exists that, after notice or lapse of time, or both, would constitute an Event of Default.

**5. REPRESENTATIONS AND WARRANTIES.** Charter School Operator represents and warrants to OPSB as follows:

5.1 Recitals and Statements. The recitals in this Agreement are true and correct.

5.2 Organization and Good Standing. Charter School Operator is duly organized, validly existing and in good standing under the laws of the State of Louisiana and is, to the extent

required by law, qualified to do business and is in good standing in each state in which it is doing business.

5.3 Power. The execution, delivery, and performance of the Project Loan Documents to which the Charter School Operator is a party have been duly authorized by all requisite action on the part of Charter School Operator.

5.4 Authority. Charter School Operator is fully authorized and permitted to enter into this Agreement, to execute any and all documentation required by this Agreement, to borrow the amounts on the terms set forth therein, and to perform the terms of this Agreement, none of which conflicts with any provision of any law, rule or regulation applicable to Charter School Operator, or any of the documents under which Charter School Operator is organized. Any Project Loan Document executed by the Charter Operator will be a valid and binding legal obligation of Charter School Operator, and each will be enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the rights of creditors generally.

5.5 No Breach. The execution, delivery and performance by Charter School Operator of the Project Loan Documents will not result in any breach of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument under which Charter School Operator is a party or is obligated. Charter School Operator is not in default in the performance or observance of any covenants, conditions or provisions of any such agreement or instrument.

5.6 No Actions. Except as disclosed to OPSB in writing prior to the date of this Agreement, no actions, suits or proceedings are pending or threatened against Charter School Operator that might materially and adversely affect the performance by Charter School Operator under this Agreement or the financial condition, business or operations of Charter School Operator.

5.7 Financial Statements True. All financial statements, profit and loss statements, statements as to ownership and other statements or reports previously or hereafter given to OPSB by or on behalf of Charter School Operator are and shall be true, complete and correct as of the date thereof to the best knowledge of Charter School Operator at the time of submission.

5.8 Filing of Taxes. Charter School Operator has filed all federal, state and local tax returns and has paid all of its current obligations before delinquent, including all federal, state and local taxes and all other payments required under federal, state or local law.

5.9 Insurance. Charter School Operator has and shall maintain all insurance coverages reasonably requested by OPSB and available at reasonable rates, including property insurance, casualty and hazard insurance, and comprehensive general public liability insurance.

**6. AFFIRMATIVE COVENANTS.** Until the Loan has been paid in full and all of Charter School Operator's obligations hereunder have been fully discharged:

6.1 Books and Records; Access. Charter School Operator shall maintain, in a safe place, proper and accurate books and records relating to its operations and its business affairs. OPSB shall

have the right from time to time during reasonable business hours to examine and to make abstracts from and photocopies of, Charter School Operator's books and records.

6.2 Financial Reports. OPSB shall provide financial statements to the Charter School Operator within ninety (90) days of the end of each fiscal year as to (i) the deposit or credit of Facility Funds to the School Facility Account for the Gentilly Terrace Campus, (ii) the Advances on the Loan made by OPSB, and (iii) the Facility Funds credited to the Revolving Loan Fund to repay the Loan that would otherwise be credited to the School Facility Funds Account for the Gentilly Terrace Campus.

6.3 Other Matters. Charter School Operator shall comply with all regulatory requirements applicable to its business.

6.4 Other Information. Charter School Operator shall keep OPSB informed of all current and contingent liabilities outside the normal course of business, including all litigation as filed.

## 7. **DEFAULT**

7.1 Event of Default. The occurrence of any of the following events or conditions with respect to Charter School Operator or any Affiliate shall constitute an Event of Default under this Agreement:

(a) Any failure or neglect to perform or observe any of the covenants, conditions or provisions of the Project Loan Documents; provided OPSB shall give Charter School Operator written notice specifying the failure to perform. If within thirty (30) days after receipt of such notice Charter School Operator has not either corrected the failure or, in the case which cannot be corrected in thirty (30) days, begun in good faith to correct the failure and thereafter proceeded diligently to complete such correction, then OPSB may, at its option, place Charter School Operator in default.

(b) Any warranty, representation or material statement contained in the Project Loan Documents or made or furnished to OPSB that shall be or shall prove to have been false or misleading when made or furnished.

(c) The filing by or against Charter School Operator of any proceeding under the federal bankruptcy laws now or hereafter existing or any other similar statute now or hereafter in effect which is not dismissed within sixty (60) days after the filing; the entry of an order for relief under such laws; or the appointment of a receiver, trustee, custodian or conservator of all or any part of the assets of Charter School Operator.

(d) The insolvency of Charter School Operator; or the execution by Charter School Operator of an assignment for the benefit of creditors; or the failure to pay its uncontested debts as they mature.

(e) The occurrence of any event of default under any of the Project Loan Documents and the expiration of any applicable notice and cure period.

7.2 Remedies. Upon the occurrence of an Event of Default and while such Event of Default is continuing, the commitment of the OPSB to make Advances hereunder shall immediately terminate and the Loan and all other indebtedness of Charter School Operator hereunder shall become immediately due and payable. In addition, upon the occurrence of any Event of Default and while such Event of Default is continuing, OPSB may do one or more of the following:

(a) Proceed to protect and enforce its rights and remedies under all Project Loan Documents;

(b) Avail itself of any other relief to which OPSB may be legally or equitably entitled, in whatever order it deems appropriate.

## 8. MISCELLANEOUS

8.1 Delay or Omission. No delay or omission by OPSB or Charter School Operator in exercising any right or remedy shall be construed as a waiver by or acquiescence in any Event of Default.

8.2 No Third-Party Beneficiaries. This Agreement is made for the sole protection and benefit of the parties hereto and no other person or entity shall have any right of action hereon.

8.3 Interpretation. The Project Loan Documents embody the entire understanding of the parties with respect to Advances for the purposes set forth in this document. No modification of the Project Loan Documents shall be valid unless signed by Charter School Operator and OPSB. This Agreement shall be governed by and construed according to the laws of the State of Louisiana. Terms capitalized in this Agreement but not defined in this Agreement shall have the meanings assigned to them in the Facility Procedures Handbook.

8.4 Survival. All of Charter School Operator's obligations, including the payment of the Loan, shall survive this Agreement and shall continue so long as any part of the Loan, or any extension or renewal thereof, remains outstanding. The Project Loan Documents shall be binding on the Charter School Operator and its successors and assigns.

**8.5 JURY WAIVER. CHARTER SCHOOL OPERATOR AND OPSB HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT, ANY OTHER LOAN DOCUMENT OR ANY RELATIONSHIP BETWEEN OPSB AND CHARTER SCHOOL OPERATOR. THIS PROVISION IS A MATERIAL INDUCEMENT TO OPSB TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER**

## **PROJECT LOAN DOCUMENTS.**

8.6 Choice of Law. This Agreement shall be governed by and construed according to the laws of the State of Louisiana, without giving effect to conflict of laws principles. Any action or proceeding by either Party to enforce this Agreement shall be brought only in any state or federal court located in the State of Louisiana, parish of Orleans. OPSB and Charter School Operator hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

8.7 Headings. The headings or captions of sections and paragraphs in this Agreement are for reference only, do not define or limit the provisions of such sections or paragraphs, and shall not affect the interpretation of this Agreement.

8.8 Counterparts. This Agreement may be executed in counterparts, all of which shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

8.9 Severability. Should any provision of this Agreement be held by a court or arbitral authority of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, that holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding on OPSB and Charter School Operator with any modification to become a part of and treated as though originally set forth in this Agreement.

[Remainder of Page Intentionally Left  
Blank; Signature Page Follows]



**IN WITNESS WHEREOF**, this Revolving Loan Fund Agreement has been executed by the Charter School Operator and OPSB as of the date first written above.

**CHARTER SCHOOL OPERATOR:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ORLEANS PARISH SCHOOL BOARD:**

By: \_\_\_\_\_

Name: Katherine Baudouin

Title: Board President

**Exhibit A**

**PROJECT NARRATIVE AND BUDGET**

**Mechanical Improvements @ Gentilly Terrace School, Project No. ITB23-FAC-0075**

**Project Narrative**                    Scope of work shall include installation of complete mechanical system with exception to areas that recently received newer equipment (office area and auditorium). Design shall include dedicated outside air system, BAS controls and electrical service modifications as needed.

Funding Source	Total	SFA (Fund 64)	Revolving Loan (Fund62)	Other Funds
<b>Fund Amounts requested</b>	<b>\$ 9,312,274.02</b>	<b>\$ 225,000.00</b>	<b>\$ 9,087,274.02</b>	
<b>MBA Contract</b>	\$ 519,589.00	\$ 225,000.00	\$ 294,589.00	
Reimbursement allowance	\$ 1,000.00		\$ 1,000.00	
Amendment allowance (15%)	\$ 77,938.35		\$ 77,938.35	
<b>Total Architect Fees</b>	<b>\$ 598,527.35</b>	<b>\$ 225,000.00</b>	<b>\$ 373,527.35</b>	
<b>Other Fees</b>				
Enviromental design allowance	\$ 5,000.00		\$ 5,000.00	
Environmental Site testing/clearance	\$ 15,000.00		\$ 15,000.00	
Owner testing other-allowance	\$ 5,000.00		\$ 5,000.00	
<b>Sub-Total Other Fees</b>	<b>\$ 25,000.00</b>		<b>\$ 25,000.00</b>	
<b>Construction AFC</b>				
Contractor	\$ 6,487,910.00		\$ 6,487,910.00	
Change Order contingency (10%)	\$ 648,791.00		\$ 648,791.00	
<b>Sub-total Construction cost</b>	<b>\$ 7,136,701.00</b>		<b>\$ 7,136,701.00</b>	
OPSB Management Fee (20%)	\$ 1,552,045.67		\$ 1,552,045.67	
Total Cost per Fund Source	NA			
	<b>Total</b>	<b>SFA-64</b>	<b>RLF-62</b>	<b>Other</b>
<b>Total cost all Project Services</b>	<b>\$ 9,312,274.02</b>	<b>\$ 225,000.00</b>	<b>\$ 9,087,274.02</b>	<b>\$ -</b>

Note that OPSB will look to apply any other funding sources that might become available such as Energy Smart, ESSER or other funds that will be applied to the balance owed to the Revolving Loan Fund (RLF-62)

**Exhibit B**  
**PROJECT LOAN DOCUMENTS**

Project Loan Closing Documents:

- i. Plans and Specifications
- ii. Building Permits
- iii. Construction Schedule
- iv. Notice of Contract, including Contractor's Payment and Performance Bond
- v. Revolving Loan Fund Requisition Form

Post Construction Project Loan Documents:

- i. Close Out Documents:
  - a. Warranty items
  - b. Operations and Maintenance Manuals
  - c. Record Submittals
  - d. As-built drawings and specifications
  - e. Warranty Tracker (1 year)
  - f. Field Reports
- ii. Retainage Release Documents:
  - a. DBE Documents
  - b. Clear Lien and Privilege Certificate

**Exhibit C  
REVOLVING LOAN FUND REQUISITION  
FORM**

**ORLEANS PARISH SCHOOL BOARD**

Requisition                    566  
FY                                    2022

<b>Date Ordered</b>	<b>Vendor Number</b>	<b>Date Required</b>	<b>Terms</b>	<b>Department</b>
01/18/2024	10139			Facilities

<b>LN</b>	<b>Description</b>	<b>Qty</b>	<b>Unit Price</b>	<b>Net Price</b>
001	Requisition form shall be used to authorize the use of the designated "School Facility Account" funds in the present agreement to cover the total project cost as it is established in "Exhibit A".	1	<b>\$9,087,274.02</b>	<b>\$9,087,274.02</b>

---

**Requisition Total                                    \$9,087,274.02**

**\*\*\*\* General Ledger Summary Section\*\*\*\***

<b>Account</b>	<b>Amount</b>
62262001-584000-RLF	<b>\$9,087,274.02</b>

# Coversheet

## Approve Bad Debt/Delinquent Policy in accordance with the NSLP guidelines

<b>Section:</b>	III. Action Items
<b>Item:</b>	C. Approve Bad Debt/Delinquent Policy in accordance with the NSLP guidelines
<b>Purpose:</b>	Vote
<b>Submitted by:</b>	
<b>Related Material:</b>	Audubon - Bad Debt Policy.docx



# AUDUBON SCHOOLS

Audubon Charter School - Uptown

Audubon Charter School - Gentilly

[www.auduboncharter.org](http://www.auduboncharter.org)

## Bad/Delinquent Debt Management Policy

**Purpose:** To establish procedures for managing unpaid meal charges and delinquent debt to ensure that bad debt is not paid for with food service funds in accordance with the NSLP guidelines.

**Scope:** This policy applies to all school food authorities (SFAs) participating in the NSLP.

**Policy Statement:** SFAs must make reasonable efforts to collect unpaid meal charges classified as delinquent debt. The cost of these efforts is an allowable use of NSFSA funds. However, once a debt is determined to be uncollectable, it must be reclassified as bad debt and cannot be paid for with NSFSA funds<sup>1</sup>.

### Procedures:

#### 1. Identification of Delinquent Debt:

- Unpaid meal charges will be considered delinquent debt when payment is overdue.
- SFAs will maintain records of all delinquent accounts and efforts made to collect the debt.

#### 2. Collection Efforts:

- SFAs will make reasonable efforts to collect delinquent debt, including sending reminders to parents/guardians and setting up payment plans.
- The cost of collection efforts is an allowable use of NSFSA funds.

#### 3. Reclassification as Bad Debt:

- If collection efforts fail and the debt is deemed uncollectable, it will be reclassified as bad debt.
- Bad debt must be written off as an expense from non-federal sources, such as the general fund of the LEA.

#### 4. Non-Use of NSFSA Funds:

- NSFSA funds will not be used to cover any costs associated with bad debt.
- Any recovered funds from previously written-off bad debt will accrue to the general fund, not the NSFSA.

#### 5. Record Keeping:

- SFAs will maintain documentation of all efforts to collect unpaid meal charges and the process for writing off bad debt.
- Records will be retained in accordance with state and local record retention policies.

#### 6. Annual Review:

- This policy will be reviewed annually to ensure compliance with federal regulations and to make necessary adjustments based on the SFA's experience.

**Effective Date:** This policy is effective as of April 15, 2024 and will be communicated to all stakeholders involved in the NSLP.