CHOICE FOUNDATION,
A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA

Audit of Financial Statements

June 30, 2017

LAPORTE
CPAs & BUSINESS ADVISORS

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LAPORTE
CPAs & BUSINESS ADVISORS

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
Choice Foundation, a Non-Profit Organization
New Orleans, Louisiana

Report on the Financial Statements
We have audited the accompanying financial statements of Choice Foundation, a Non-Profit Organization (the Foundation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (collectively, financial statements).

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

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

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

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

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Choice Foundation, a Non-Profit Organization, as of June 30, 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of board of directors, the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), the combining statement of financial position, and the combining statement of activities are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The performance and statistical data included as schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana state law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2017, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 14, 2017

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Statement of Financial Position
June 30, 2017

Assets	
Current Assets	
Cash	$ 2,202,536
Certificates of Deposit	501,362
Grants Receivable	292,335
Prepaid Expenses	158,658
Other Receivables	22,803
Total Current Assets	3,177,694
Property and Equipment	
Furniture, Fixtures, and Equipment	1,641,373
Leasehold Improvements	1,623,087
Less: Accumulated Depreciation	(2,634,070)
Net Property and Equipment	630,390
Total Assets	$ 3,808,084
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	$ 147,168
Accrued Expenses	792,661
Total Current Liabilities	939,829
Net Assets	
Unrestricted	2,791,094
Temporarily Restricted	77,161
Total Net Assets	2,868,255
Total Liabilities and Net Assets	$ 3,808,084

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
State and Local Public School Funding			
Minimum Foundation Program	$ 19,670,047	$ -	$ 19,670,047
Federal Grants	2,043,053	-	2,043,053
Federal School Lunch Program	1,542,598	-	1,542,598
Private Grants and Donations	8,300	243,738	252,038
Other Income	266,612	-	266,612
Other State Funding	197,884	-	197,884
Interest Income	2,150	-	2,150
Net Assets Released from Restrictions	231,119	(231,119)	-
Total Support and Revenue	23,961,763	12,619	23,974,382
Expenses			
Program Services			
Regular Education Programs	9,797,618	-	9,797,618
Operation and Maintenance of Plant	3,784,471	-	3,784,471
Special Education Programs	3,230,698	-	3,230,698
School Administration	1,347,652	-	1,347,652
Food Service Operations	1,276,565	-	1,276,565
Special Programs	797,789	-	797,789
Pupil Support Services	495,269	-	495,269
Other Instructional Programs	64,764	-	64,764
Student Activities	2,720	-	2,720
Instructional Staff Services	1,789	-	1,789
Management and General			
Business Services	1,735,440	-	1,735,440
General Administration	732,530	-	732,530
Central Services	5,206	-	5,206
Total Expenses	23,272,511	-	23,272,511
Loss on Disposal of Property and Equipment	61,416	-	61,416
Total Expenses and Losses	23,333,927	-	23,333,927
Change in Net Assets	627,836	12,619	640,455
Net Assets, Beginning of Year	2,163,258	64,542	2,227,800
Net Assets, End of Year	$ 2,791,094	$ 77,161	$ 2,868,255

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows from Operating Activities	
Change in Net Assets	$ 640,455
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	116,029
Loss on Disposal of Property and Equipment	61,416
(Increase) Decrease in:	
Certificates of Deposit	(653)
Grants Receivable	232,749
Prepaid Expenses	57,431
Other Receivables	57,765
Increase (Decrease) in:	
Overdraft Payable	(38,712)
Accounts Payable	(171,532)
Accrued Expenses	70,503
Net Cash Provided by Operating Activities	1,025,451
Cash Flows from Investing Activities	
Purchase of Property and Equipment	(71,145)
Net Cash Used in Investing Activities	(71,145)
Cash Flows from Financing Activities	
Payments on Lines of Credit	740,500
Proceeds from Lines of Credit	(740,500)
Net Cash Provided by Financing Activities	-
Net Increase in Cash	954,306
Cash, Beginning of Year	1,248,230
Cash, End of Year	$ 2,202,536
Supplemental Disclosure of Cash Flow Information	
Cash Paid for Interest	$ 18,173

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

Note 1. Summary of Significant Accounting Policies

Organization

Choice Foundation, a Non-Profit Organization (the Foundation), d/b/a Lafayette Academy Charter School, Esperanza Charter School, and McDonogh 42 Elementary Charter School, incorporated on November 29, 2004, is an educational institution organized to inform and educate citizens of Louisiana on how school choice initiatives can improve primary education in Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the Foundation to operate Lafayette Academy Charter School effective September 26, 2006, for an initial term of three years, which terminated on June 30, 2009. BESE granted the Foundation a two-year extension of Lafayette Academy Charter School's charter contract, which terminated on June 30, 2011. BESE granted the Foundation a three-year extension of Lafayette Academy Charter School's charter contract, which terminated on June 30, 2014. In December 2013, BESE granted the Foundation a five-year renewal of Lafayette Academy Charter School's contract to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in Louisiana Revised Statutes (LRS) 17:3992 and 3998. This extension was pursuant to the Evaluation Framework and applicable provision of Title 17, Chapter 42, of the Louisiana Revised Statutes and is currently scheduled to expire on June 30, 2019.

BESE approved the granting of a charter to the Foundation to operate Esperanza Charter School effective July 1, 2010, for an initial term of four years, which terminated on June 30, 2014. In December 2013, BESE granted a one-year extension of Esperanza Charter School's charter contract, which terminated on June 30, 2015. In July 2015, BESE granted the Foundation a seven-year renewal of Esperanza Charter School's contract to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in LRS 17:3992 and 3998. This extension was pursuant to the Evaluation Framework and applicable provision of Title 17, Chapter 42, of the Louisiana Revised Statutes and is currently scheduled to expire on June 30, 2022.

BESE approved the granting of a charter to the Foundation to operate McDonogh 42 Elementary Charter School effective July 1, 2012, for an initial term of four years, which terminated on June 30, 2016. BESE conducted a fourth-year evaluation of McDonogh 42 Elementary Charter School and granted a one-year extension to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in LRS 17:3992 and 3998, which terminated on June 30, 2017. The charter contract was not renewed upon completion of the McDonogh 42 Elementary Charter School's fifth year of operation.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

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

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

Basis of Accounting

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

Combination Policy

The accompanying combining financial statements include the accounts of Choice Foundation and the three aforementioned d/b/a schools. All significant intercompany transactions and balances have been eliminated in the combination. The schools and Choice Foundation are collectively referred to as the Foundation.

Use of Estimates

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

Advertising

Advertising costs, which are included in general and administrative expenses, are expensed as incurred. Advertising expense totaled $3,777, for the year ended June 30, 2017.

Cash

During the year, cash 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 Foundation's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2017, there were no restricted cash balances.

Note 1. Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

For purposes of the statement of cash flows, the Foundation considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2017, the Foundation had no cash equivalents.

Grants Receivable

The Foundation received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at year-end are stated at unpaid balances for expenditures incurred during the year. As of June 30, 2017, based on management's experience with the collection of grants from the State of Louisiana, the grants receivable are considered to be fully collectible.

Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the Foundation has a right to reimbursement under the related grant, generally corresponding to the incurring of grant-related costs by the Foundation, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

The Foundation's primary source of funding is through the State's Minimum Foundation Program (MFP). The Foundation receives revenue from the state based on eligible students in attendance on a monthly basis. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

In-Kind Donations

The Foundation records in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was estimated at $1,500, for the year ended June 30, 2017.

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and 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 Foundation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The following are the estimated useful lives of the fixed assets of the Foundation:

Asset	Useful Lives
Furniture, Fixtures, and Equipment	7 Years
Leasehold Improvements	15 Years

Income Taxes

The Foundation is recognized by the Internal Revenue Service (IRS) as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the Foundation'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 Foundation 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, would be included in income tax expense.

Compensated Absences

All teachers and staff are provided 10 days of paid annual sick leave. If the employee terminates at June 30th, the remaining days are forfeited. Accordingly, the Foundation does not recognize a liability for accumulated compensated absences.

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 agency are to be used for educational purposes as described in the Foundation's charter agreements 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.

Non-capital assets acquired by the Foundation with non-public funds will remain the property of the Foundation. Assets purchased with public funds obtained from public sources will automatically revert to the Board of Elementary and Secondary Education at the time this agreement is terminated. The Foundation must maintain records of any assets acquired with private funds that will remain the property of the Foundation.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. The new standard is effective for fiscal years beginning after December 15, 2018, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. The Foundation is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is evaluating the impact that ASU 2016-02 will have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)*: *Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions. The new standard is effective for fiscal periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Foundation is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 2. Concentrations

The Foundation received 82% of its revenues for the year ended June 30, 2017 from the State of Louisiana, subject to its charter agreement with the State. The Foundation received 15% of its revenues for the year ended June 30, 2017 from the federal government, subject to grant agreements with the United States Department of Agriculture, the United States Department of Education, and the United States Department of Health and Human Services.

Note 2. Concentrations (Continued)

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

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be recovered. The Foundation periodically maintains cash in bank accounts in excess of insured limits. As of June 30, 2017, the Foundation's bank balances were $2,916,986. Balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to $250,000 per financial institution, totaled $250,000. The remaining deposits of $2,847,513 were uninsured. The Foundation has not experienced any losses as a result of this practice.

Note 3. Cash

The Foundation's cash (book balance) at June 30, 2017, was $2,202,536, which is stated at cost and approximates market.

Note 4. Certificates of Deposit

Certificates of deposit (CDs) represent CDs with initial maturities of greater than three months but less than one year. They are recorded at face value plus accrued interest, which approximates fair value. The Foundation's CDs (book balance) at June 30, 2017, were $501,362.

Note 5. Grants Receivable

As of June 30, 2017, grants receivable totaled $292,335, which were receivables for federal and state grants passed through the Louisiana Department of Education and New Schools for New Orleans. The stated balance is considered to be fully collectible.

Note 6. Property and Equipment

Depreciation expense totaled $116,029, for the year ended June 30, 2017.

Prior to the end of the fiscal year, the board that governs the Foundation's charter agreement for McDonough 42 Elementary Charter School did not renew the charter agreement and granted control of its fixed assets to a separate organization. As a result, the Foundation returned control over all fixed assets to the State, per the reversionary interest identified in Note 1. The recorded loss on disposal of these assets totaled $61,416, for the year ended June 30, 2017.

Note 7. Retirement Plan

Effective July 1, 2011, the Foundation began offering a 401(k) plan to employees age 21 or older who are immediately vested upon entering the plan. Eligible employees may contribute up to the maximum allowed by the IRS. The Foundation matches a percentage of elective contributions determined from year to year. Matching contributions are based on a discretionary percent of compensation or a discretionary dollar amount. The Foundation match for the year ended June 30, 2017, was 5% and amounted to $515,678.

Note 8. Leases

Effective September 26, 2006, the Foundation entered into an agreement with the Recovery School District of the State of Louisiana which allows the Foundation to use the facilities and its contents located at 2727 South Carrollton Avenue, New Orleans, Louisiana 70118. The lease agreement is a component of Lafayette Academy Charter School's charter agreement and is currently scheduled to expire on June 30, 2019.

Effective July 1, 2015, the Foundation entered into an agreement with the Recovery School District of the State of Louisiana which allows the Foundation to use the facilities and its contents located at 4407 South Carrollton Avenue, New Orleans, Louisiana 70119. The lease agreement is a component of Esperanza Charter School's charter agreement and is currently scheduled to expire on June 30, 2022.

Effective October 22, 2013, the Foundation entered into a sublease agreement with McDonogh 42 School Facility, LLC, a subsidiary of the New Orleans School Facility Finance Foundation, which allowed the Foundation to use the facilities and its contents located at 1651 N. Tonti Street, New Orleans, Louisiana 70119. The lease terms became effective July 1, 2015, the date of completion of construction. The sublease required monthly payments of $31,802, increasing by 1.5% annually, less debt service offsets paid by the Orleans Parish School Board and the Recovery School District, which currently total $6,051 per month. The existence and continued compliance of McDonogh 42 Elementary Charter School's charter agreement, which expired June 30, 2017, is a component of this sublease agreement. Because this charter agreement was not renewed, the sublease agreement expired on June 30, 2017. Payments under this lease totaled $365,082, for the year ended June 30, 2017.

Alterations made by the Foundation shall not diminish the value of the property at the time the alterations are approved, unless agreed upon by the Recovery School District of the State of Louisiana and the Foundation. Any physical additions or improvements to the property will become property of the State of Louisiana, Department of Education, Recovery School District. The Recovery School District of the State of Louisiana may require, at the expense of the Foundation, to remove these physical additions or improvements.

Note 8. Leases (Continued)

The Foundation is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

Use of the property is not recorded as an in-kind contribution from, or related rent expense to, the Recovery School District of the State of Louisiana. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Effective May 26, 2017, the Foundation entered into a lease agreement for office space in New Orleans, Louisiana. The lease was subsequently amended to included additional rental space. The lease currently calls for monthly payments of $5,525 and expires on August 15, 2018. The lease provides for a two-year renewal option prior to expiration. Future obligations under this lease are as follows:

2018	$ 66,300
2019	11,050
Total	$ 77,350

Note 9. Lines of Credit

Lafayette Academy Charter School has a $250,000 line of credit with Capital One Bank. The line has no defined maturity date and is due on demand. The line carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (4.25% at June 30, 2017), adjusted daily. The line is unsecured. The balance on the line of credit was $-0-, at June 30, 2017.

Esperanza Charter School has a $175,000 line of credit with Capital One Bank. The line has a maturity date of June 24, 2018 and is due on demand. The line carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (4.25% at June 30, 2017), adjusted daily. The line is unsecured. The balance on the line of credit was $-0-, at June 30, 2017.

McDonogh 42 Elementary Charter School had a $175,000 line of credit with Capital One Bank. The line matured on June 24, 2017 and was closed on June 27, 2017. The line carried a variable rate of interest payable monthly at the Wall Street Journal prime rate (4.25% at June 30, 2017), adjusted daily. The line was unsecured. The balance on the line of credit was $-0-, at June 30, 2017.

Note 10. Minimum Foundation Program (MFP)

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the schools of the Foundation as of October 1st. This state-funded per pupil allocation is based on the most recently approved Minimum Foundation Program formula resolution. For the year ended June 30, 2017, the Foundation recognized revenue of $8,487,128.

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana, collected from local agencies, which passes through to the Foundation as local MFP, which is determined on an annual basis based on the number of pupils enrolled as of October 1st. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. For the year ended June 30, 2017, the Foundation recognized revenue of $10,593,391.

The Foundation received certain special distributions from OPSB related to MFP true-up calculations performed by OPSB for previous years. For the year ended June 30, 2017, the Foundation recognized revenue of $491,332 related to these distributions.

The Foundation received certain special distributions from the State as part of House Bill No. 1 and the MFP to provide funding to sustain certificated classroom teacher pay raises. For the year ended June 30, 2017, the Foundation recognized revenue of $54,857 related to these distributions.

The Foundation received certain special distributions from the State from an appropriation outside of the MFP formula as part of the State Legislature's Act 14 of 2016. For the year ended June 30, 2017, the Foundation recognized revenue of $43,339 related to these distributions.

Note 11. Restrictions on Assets

Temporarily restricted net assets are restricted by donors for specific time periods or specific programs, purposes, or to assist specific departments of the Foundation. These restrictions are considered to expire when payments for restricted purposes are made.

Temporarily restricted net assets totaled $77,161, at June 30, 2017, and were available for KIDsmART, MaggieGeorge programs, Pro Bono Publico programs, Project Lead the Way, and New Orleans Jazz Heritage programs.

Note 12. Commitments

The Foundation has employment contracts, as are standard in the field of education, with most of its employees. The contracts for the current year expired June 30, 2017. All contracts provide for a minimum annual salary and benefits.

Note 13. Risk Management

The Foundation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2017.

Note 14. Charter Management Organization (CMO) Fees

As the administrator of the schools, Choice Foundation incurs and records overhead costs on behalf of all of its schools. Management of the Foundation 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 totaled $1,799,909 during the year ended June 30, 2017. CMO fees have been eliminated from Other Income the accompanying combined financial statements as intercompany activity.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 14, 2017, and determined that no subsequent events occurred that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Choice Foundation, a Non-Profit Organization
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Choice Foundation, a Non-Profit Organization (the Foundation), the Louisiana Department of Education, and the Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Foundation for the fiscal year ended June 30, 2017, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statue 24:514-1. Management of the Foundation is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

   - Total General Fund Instructional Expenditures
   - Total General Fund Equipment Expenditures
   - Total Local Taxation Revenue
   - Total Local Earnings on Investment in Real Property
   - Total State Revenue in Lieu of Taxes
   - Nonpublic Textbook Revenue
   - Nonpublic Transportation Revenue

Findings:

None.

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Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule and to the Foundation's supporting payroll records as of October 1st.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

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

Findings:

During our testing, we identified one (1) employee who was listed as uncertified but was certified as of the date of the schedule. The Foundation has corrected schedule 2 for this finding.

Number and Type of Public Schools (Schedule 3)

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

Findings:

None.

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

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

Findings:

None.

Public School Staff Data: Average Salaries (Schedule 5)

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

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

Findings:

During our testing, we identified one (1) employee who was listed as an instructor but was an instructional paraprofessional. The Foundation has corrected schedule 5 for this finding.

During our testing, we identified one (1) employee who was paid a salary that differed from the salary values recomputed from their personnel file. The Foundation has included the total amount paid to this employee on schedule 5, which includes excess payments of $3,692.

Class Size Characteristics (Schedule 6)

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

Findings:

None.

Louisiana Educational Assessment Program (LEAP) - ELA and Math (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the Foundation.

Findings:

None.

Graduation Exit Exam (Schedule 8)

11. Not applicable.

Louisiana Educational Assessment Program (LEAP) - Science and Social Studies (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the Foundation.

Findings:

None.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Foundation, as required by Louisiana Revised Statue 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 14, 2017

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary, and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers

This schedule includes the number of years of experience in teaching for principals, assistant principals, and full time teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1 - 20, 21 - 26, 27 - 33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP) - ELA and Math

This schedule represents student performance testing data and includes summary scores by district for grades 3, 4, 5, 6, 7, and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - Graduation Exit Exam (GEE)

Not Applicable.

Schedule 9 - Louisiana Educational Assessment Program (LEAP) - Science and Social Studies

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7, and 8 for each district. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION **Schedule 1**
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017

General Fund Instructional and Equipment Expenditures		
General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	$ 5,886,696	
Other Instructional Staff Activities	1,350,375	
Instructional Staff Employee Benefits	1,419,729	
Purchased Professional and Technical Services	553,239	
Instructional Materials and Supplies	299,150	
Instructional Equipment	117,517	
Total Teacher and Student Interaction Activities		$ 9,626,706
Other Instructional Activities		72,627
Pupil Support Services	495,207	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		495,207
Instructional Staff Services	1,151	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,151
School Administration	1,052,417	
Less: Equipment for School Administration	-	
Net School Administration		1,052,417
Total General Fund Instructional Expenditures		$ 11,248,108
Total General Fund Equipment Expenditures		$ 117,517
Certain Local Revenue Sources		
Local Taxation Revenue		
Constitutional Ad Valorem Taxes		$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		$ -
Local Earnings on Investment in Real Property		
Earnings from 16th Section Property		$ -
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		$ -
State Revenue in Lieu of Taxes		
Revenue Sharing - Constitutional Tax		$ -
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		$ -
Nonpublic Textbook Revenue		$ -
Nonpublic Transportation Revenue		$ -

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Education Levels of Public School Staff
As of October 1, 2016

Schedule 2

	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
Category	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	51	71%	54	74%	2	29%		
Master's Degree	21	29%	19	26%	5	71%		
Master's Degree +30								
Specialist in Education								
Ph. D. or Ed. D.								
Total	**72**	**100%**	**73**	**100%**	**7**	**100%**		

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2017

Schedule 3

Type	Number
Elementary	3
Middle/Jr. High	
Secondary	
Combination	
Total	**3**

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION **Schedule 4**
NEW ORLEANS, LOUISIANA
Experience of Public Principals, Assistant Principals,
and Full Time Classroom Teachers
As of October 1, 2016

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	**Total**
Assistant Principals			1	1	2			**4**
Principals					2		1	**3**
Classroom Teachers	9	14	51	23	16	10	22	**145**
Total	**9**	**14**	**52**	**24**	**20**	**10**	**23**	**152**

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	$51,079	$51,079
Average Classroom Teachers' Salary Excluding Extra Compensation	$49,424	$49,424
Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries	133.2	133.2

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2016

Schedule 6

	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
School Type	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary	89	14%	271	43%	273	43%		
Elementary Activity Classes	2	4%	24	50%	22	46%		

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP) -
ELA and Math
For the Year Ended June 30, 2017

Schedule 7

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 3						
Advanced	**4%**	0%	N/A	**3%**	4%	N/A
Mastery	**34%**	25%	N/A	**28%**	36%	N/A
Basic	**24%**	28%	N/A	**31%**	31%	N/A
Approaching Basic	**25%**	29%	N/A	**23%**	20%	N/A
Unsatisfactory	**13%**	18%	N/A	**15%**	9%	N/A
Total	**100%**	100%	N/A	**100%**	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 4						
Advanced	**8%**	5%	N/A	**6%**	4%	N/A
Mastery	**43%**	32%	N/A	**35%**	31%	N/A
Basic	**23%**	29%	N/A	**28%**	34%	N/A
Approaching Basic	**15%**	26%	N/A	**21%**	20%	N/A
Unsatisfactory	**11%**	8%	N/A	**10%**	11%	N/A
Total	**100%**	100%	N/A	**100%**	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 5						
Advanced	**0%**	1%	N/A	**1%**	1%	N/A
Mastery	**24%**	24%	N/A	**10%**	16%	N/A
Basic	**34%**	38%	N/A	**30%**	36%	N/A
Approaching Basic	**27%**	26%	N/A	**39%**	33%	N/A
Unsatisfactory	**15%**	11%	N/A	**20%**	14%	N/A
Total	**100%**	100%	N/A	**100%**	100%	N/A

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP) - ELA and Math
For the Year Ended June 30, 2017

Schedule 7 (Continued)

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 6						
Advanced	**2%**	4%	N/A	**0%**	3%	N/A
Mastery	**17%**	30%	N/A	**11%**	19%	N/A
Basic	**23%**	39%	N/A	**26%**	37%	N/A
Approaching Basic	**38%**	21%	N/A	**40%**	34%	N/A
Unsatisfactory	**20%**	6%	N/A	**23%**	7%	N/A
Total	**100%**	100%	N/A	**100%**	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 7						
Advanced	**8%**	8%	N/A	**1%**	1%	N/A
Mastery	**28%**	34%	N/A	**7%**	10%	N/A
Basic	**28%**	27%	N/A	**39%**	28%	N/A
Approaching Basic	**22%**	20%	N/A	**36%**	48%	N/A
Unsatisfactory	**14%**	11%	N/A	**17%**	13%	N/A
Total	**100%**	100%	N/A	**100%**	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 8						
Advanced	**4%**	3%	N/A	**1%**	0%	N/A
Mastery	**37%**	39%	N/A	**11%**	14%	N/A
Basic	**26%**	31%	N/A	**23%**	22%	N/A
Approaching Basic	**18%**	18%	N/A	**39%**	36%	N/A
Unsatisfactory	**15%**	9%	N/A	**26%**	28%	N/A
Total	**100%**	100%	N/A	**100%**	100%	N/A

The LEAP was not administered for English Language Arts and Mathematics for the 2014-2015 school year.

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Graduation Exit Exam (GEE)
For the Year Ended June 30, 2017

Schedule 8

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

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP) -
Science and Social Studies
For the Year Ended June 30, 2017

Schedule 9

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 3						
Advanced	**0%**	1%	2%	**3%**	N/A	2%
Mastery	**9%**	9%	9%	**14%**	N/A	20%
Basic	**40%**	46%	45%	**22%**	N/A	56%
Approaching Basic	**29%**	27%	30%	**34%**	N/A	13%
Unsatisfactory	**22%**	17%	14%	**27%**	N/A	9%
Total	**100%**	100%	100%	**100%**	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 4						
Advanced	**2%**	1%	2%	**15%**	N/A	6%
Mastery	**17%**	15%	19%	**27%**	N/A	21%
Basic	**41%**	47%	52%	**19%**	N/A	39%
Approaching Basic	**25%**	27%	17%	**15%**	N/A	20%
Unsatisfactory	**15%**	10%	10%	**24%**	N/A	14%
Total	**100%**	100%	100%	**100%**	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 5						
Advanced	**2%**	2%	4%	**0%**	N/A	1%
Mastery	**8%**	3%	7%	**4%**	N/A	3%
Basic	**38%**	47%	49%	**25%**	N/A	48%
Approaching Basic	**30%**	26%	27%	**27%**	N/A	29%
Unsatisfactory	**22%**	22%	13%	**44%**	N/A	19%
Total	**100%**	100%	100%	**100%**	N/A	100%

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

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION **Schedule 9 (Continued)**
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP) -
Science and Social Studies
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 6						
Advanced	**0%**	1%	0%	**1%**	N/A	3%
Mastery	**8%**	6%	7%	**5%**	N/A	2%
Basic	**42%**	53%	54%	**28%**	N/A	47%
Approaching Basic	**32%**	28%	33%	**28%**	N/A	37%
Unsatisfactory	**18%**	12%	6%	**38%**	N/A	11%
Total	**100%**	100%	100%	**100%**	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 7						
Advanced	**2%**	2%	1%	**2%**	N/A	1%
Mastery	**12%**	17%	15%	**14%**	N/A	7%
Basic	**39%**	44%	45%	**32%**	N/A	48%
Approaching Basic	**25%**	26%	24%	**20%**	N/A	26%
Unsatisfactory	**22%**	11%	15%	**32%**	N/A	18%
Total	**100%**	100%	100%	**100%**	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	**2017**	2016	2015
Students	%	%	%	%	%	%
Grade 8						
Advanced	**2%**	0%	0%	**2%**	N/A	0%
Mastery	**7%**	6%	5%	**20%**	N/A	2%
Basic	**36%**	34%	33%	**26%**	N/A	45%
Approaching Basic	**34%**	42%	43%	**29%**	N/A	34%
Unsatisfactory	**21%**	18%	19%	**23%**	N/A	19%
Total	**100%**	100%	100%	**100%**	N/A	100%

The LEAP was not administered for Social Studies for the 2015-2016 school year.

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

SUPPLEMENTARY INFORMATION

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2017

Board Members	Compensation
[redacted]	$ -0-
	$ -0-
	$ -0-
	$ -0-
	$ -0-
	$ -0-
	$ -0-

See independent auditor's report.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors (Continued)
For the Year Ended June 30, 2017

Board Members	Compensation
[redacted]	$ -0-
	$ -0-
	$ -0-
	$ -0-
	$ -0-
	$ -0-
	$ -0-
	$ -0-

See independent auditor's report.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head
Charles "Mickey" Landry, Executive Director

Purpose	Amount
Salary	$254,423
Benefits - Insurance	$4,725
Benefits - Retirement	$11,401
Benefits - Other	$380
Car Allowance	$0
Vehicle Provided by Government	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Unvouchered Expenses	$0
Special Meals	$0

See independent auditor's report.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Combining Statement of Financial Position
June 30, 2017

	Lafayette Academy Charter School	Esperanza Charter School	McDonogh 42 Elementary Charter School	Choice Foundation	Eliminations	Combining
Assets						
Current Assets						
Cash	$ 1,721,907	$ 78,992	$ 314,574	$ 87,063	$ -	$ 2,202,536
Certificates of Deposit	-	501,362	-	-	-	501,362
Grants Receivable	159,104	35,092	98,139	-	-	292,335
Prepaid Expenses	86,865	47,529	-	24,264	-	158,658
Intercompany Receivables	266,119	1,019,178	753	223,791	(1,509,841)	-
Other Receivables	14,132	-	8,671	-	-	22,803
Total Current Assets	2,248,127	1,682,153	422,137	335,118	(1,509,841)	3,177,694
Property and Equipment						
Furniture, Fixtures, and Equipment	1,518,476	122,897	-	-	-	1,641,373
Leasehold Improvements	1,283,332	339,755	-	-	-	1,623,087
Less: Accumulated Depreciation	(2,365,429)	(268,641)	-	-	-	(2,634,070)
Net Property and Equipment	436,379	194,011	-	-	-	630,390
Total Assets	$ 2,684,506	$ 1,876,164	$ 422,137	$ 335,118	$ (1,509,841)	$ 3,808,084
Liabilities and Net Assets						
Current Liabilities						
Accounts Payable	$ 66,733	$ 37,820	$ 40,353	$ 2,262	$ -	$ 147,168
Accrued Expenses	378,516	187,704	221,078	5,363	-	792,661
Intercompany Payables	859,225	223,791	160,706	266,119	(1,509,841)	-
Total Current Liabilities	1,304,474	449,315	422,137	273,744	(1,509,841)	939,829
Net Assets						
Unrestricted	1,337,937	1,416,783	-	36,374	-	2,791,094
Temporarily Restricted	42,095	10,066	-	25,000	-	77,161
Total Net Assets	1,380,032	1,426,849	-	61,374	-	2,868,255
Total Liabilities and Net Assets	$ 2,684,506	$ 1,876,164	$ 422,137	$ 335,118	$ (1,509,841)	$ 3,808,084

See independent auditor's report.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Combining Statement of Activities
For the Year Ended June 30, 2017

	Lafayette Academy Charter School			Esperanza Charter School			McDonogh 42 Elementary Charter School		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue									
State and Local Public School Funding									
Minimum Foundation Program	$ 9,278,900	$ -	$ 9,278,900	$ 5,271,901	$ -	$ 5,271,901	$ 5,119,246	$ -	$ 5,119,246
Federal Grants	967,260	-	967,260	473,777	-	473,777	602,016	-	602,016
Federal School Lunch Program	798,690	-	798,690	361,713	-	361,713	382,195	-	382,195
Private Grants and Donations	-	132,225	132,225	-	17,800	17,800	8,300	-	8,300
Other Income	203,474	-	203,474	17,023	-	17,023	43,786	-	43,786
Other State Funding	97,648	-	97,648	8,484	-	8,484	91,752	-	91,752
Interest Income	1,497	-	1,497	653	-	653	-	-	-
Net Assets Released from Restrictions	90,130	(90,130)	-	7,734	(7,734)	-	-	-	-
Total Support and Revenue	11,437,599	42,095	11,479,694	6,141,285	10,066	6,151,351	6,247,295	-	6,247,295
Expenses									
Program Services									
Regular Education Programs	5,192,414	-	5,192,414	2,302,050	-	2,302,050	2,282,848	-	2,282,848
Operation and Maintenance of Plant	2,325,963	-	2,325,963	1,404,340	-	1,404,340	1,720,595	-	1,720,595
Special Education Programs	1,501,859	-	1,501,859	861,678	-	861,678	663,998	-	663,998
School Administration	494,602	-	494,602	330,589	-	330,589	205,945	-	205,945
Food Service Operations	637,342	-	637,342	317,095	-	317,095	322,128	-	322,128
Special Programs	238,710	-	238,710	305,658	-	305,658	253,421	-	253,421
Pupil Support Services	233,433	-	233,433	132,989	-	132,989	128,847	-	128,847
Other Instructional Programs	13,643	-	13,643	26,055	-	26,055	25,066	-	25,066
Student Activities	2,497	-	2,497	223	-	223	-	-	-
Instructional Staff Services	1,089	-	1,089	-	-	-	700	-	700
Management and General									
Business Services	467,572	-	467,572	176,543	-	176,543	202,590	-	202,590
General Administration	140,317	-	140,317	71,662	-	71,662	73,510	-	73,510
Central Services	159	-	159	594	-	594	2,065	-	2,065
Total Expenses	11,249,600	-	11,249,600	5,929,476	-	5,929,476	5,881,713	-	5,881,713
Loss on Disposal of Property and Equipment	-	-	-	-	-	-	61,416	-	61,416
Total Expenses and Losses	11,249,600	-	11,249,600	5,929,476	-	5,929,476	5,943,129	-	5,943,129
Change in Net Assets	187,999	42,095	230,094	211,809	10,066	221,875	304,166	-	304,166
Net Assets, Beginning of Year	1,149,938	-	1,149,938	1,204,974	-	1,204,974	(304,166)	-	(304,166)
Net Assets, End of Year	$ 1,337,937	$ 42,095	$ 1,380,032	$ 1,416,783	$ 10,066	$ 1,426,849	$ -	$ -	$ -

See independent auditor's report.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Combining Statement of Activities (Continued)
For the Year Ended June 30, 2017

	Choice Foundation			Eliminating			Combining		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue									
State and Local Public School Funding									
Minimum Foundation Program	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,670,047	$ -	$ 19,670,047
Federal Grants	-	-	-	-	-	-	2,043,053	-	2,043,053
Federal School Lunch Program	-	-	-	-	-	-	1,542,598	-	1,542,598
Private Grants and Donations	-	93,713	93,713	-	-	-	8,300	243,738	252,038
Other Income	1,802,238	-	1,802,238	(1,799,909)	-	(1,799,909)	266,612	-	266,612
Other State Funding	-	-	-	-	-	-	197,884	-	197,884
Interest Income	-	-	-	-	-	-	2,150	-	2,150
Net Assets Released from Restrictions	133,255	(133,255)	-	-	-	-	231,119	(231,119)	-
Total Support and Revenue	1,935,493	(39,542)	1,895,951	(1,799,909)	-	(1,799,909)	23,961,763	12,619	23,974,382
Expenses									
Program Services									
Regular Education Programs	20,306	-	20,306	-	-	-	9,797,618	-	9,797,618
Operation and Maintenance of Plant	133,482	-	133,482	(1,799,909)	-	(1,799,909)	3,784,471	-	3,784,471
Special Education Programs	203,163	-	203,163	-	-	-	3,230,698	-	3,230,698
School Administration	316,516	-	316,516	-	-	-	1,347,652	-	1,347,652
Food Service Operations	-	-	-	-	-	-	1,276,565	-	1,276,565
Special Programs	-	-	-	-	-	-	797,789	-	797,789
Pupil Support Services	-	-	-	-	-	-	495,269	-	495,269
Other Instructional Programs	-	-	-	-	-	-	64,764	-	64,764
Student Activities	-	-	-	-	-	-	2,720	-	2,720
Instructional Staff Services	-	-	-	-	-	-	1,789	-	1,789
Management and General									
Business Services	888,735	-	888,735	-	-	-	1,735,440	-	1,735,440
General Administration	447,041	-	447,041	-	-	-	732,530	-	732,530
Central Services	2,388	-	2,388	-	-	-	5,206	-	5,206
Total Expenses	2,011,631	-	2,011,631	(1,799,909)	-	(1,799,909)	23,272,511	-	23,272,511
Loss on Disposal of Property and Equipment	-	-	-	-	-	-	61,416	-	61,416
Total Expenses and Losses	2,011,631	-	2,011,631	(1,799,909)	-	(1,799,909)	23,333,927	-	23,333,927
Change in Net Assets	(76,138)	(39,542)	(115,680)	-	-	-	627,836	12,619	640,455
Net Assets, Beginning of Year	112,512	64,542	177,054	-	-	-	2,163,258	64,542	2,227,800
Net Assets, End of Year	$ 36,374	$ 25,000	$ 61,374	$ -	$ -	$ -	$ 2,791,094	$ 77,161	$ 2,868,255

See independent auditor's report.

LAPORTE
CPAs & BUSINESS ADVISORS

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
Choice Foundation, a Non-Profit Organization
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 Choice Foundation, a Non-Profit Organization (the Foundation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2017.

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 14, 2017

LAPORTE
CPAs & BUSINESS ADVISORS

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 PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Directors
Choice Foundation, a Non-Profit Organization
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Choice Foundation, a Non-Profit Organization's (the Foundation) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2017. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program
In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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Covington, LA
December 14, 2017

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
United States Department of Agriculture			
Passed through the Louisiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	NONE	$ 510,443
National School Lunch Program	10.555	NONE	970,655
Summer Food Service Program for Children	10.559	NONE	4,894
Total Child Nutrition Cluster			1,485,992 *
Commodity Supplemental Food Program	10.565	NONE	5,402
Child and Adult Care Food Program	10.558	NONE	51,204
Total United States Department of Agriculture			1,542,598
United States Department of Education			
Passed through the Louisiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010A	S010A160018	1,184,244
Title I Believe and Prepare - Cohort 3 - 1003a	84.010A	S010A140018	18,212
Title I Priority School Support - 1003a	84.010A	S010A140018	7,500
Total Title I, Part A			1,209,956
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA Part B)	84.027A	H027A160033	431,804
Special Education - High Cost Services (IDEA Part B)	84.027A	H027A16003316A	8,860
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A160082	4,345
Total Special Education Cluster (IDEA)			445,009
Title III English Language Acquisition State Grants	84.365A	S365A160018	21,587
Title II Improving Teacher Quality State Grants	84.367A	S367A160017	147,843
Total United States Department of Education			1,824,395
United States Department of Health and Human Services			
Passed through the Louisiana Department of Education			
Temporary Assistance for Needy Families (TANF)	93.558	G-61102LATANF	198,945
Total United States Department of Health and Human Services			198,945
Total Expenditures of Federal Awards			$ 3,565,938

* Denotes Major Program

See notes to schedule of expenditures of federal awards.

Note 1. General

The accompanying schedule of expenditures of federal awards presents the activity of the federal awards of Choice Foundation, a Non-Profit Organization (the Foundation). The Foundation's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2017. All federal awards received from federal agencies are included on the schedule.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Foundation and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Foundation has met the qualifications for the respective grants.

Accrued Reimbursement

Various reimbursement procedures are used for federal awards received by the Foundation. Consequently, timing differences between expenditures and program reimbursements may exist at the beginning and end of the year. Any accrued balances at year-end represent an excess of reimbursable expenditures over reimbursements received.

Federal Revenues not Considered Federal Awards

The Foundation recorded federal Medicaid revenues and related expenses of $19,713 that were not considered federal awards. As such, this amount was excluded from this schedule.

Note 3. Indirect Cost Rates

The Foundation 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.

See notes to schedule of expenditures of federal awards.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Part I - Summary of Auditor's Results

Financial Statement Section

1. Type of auditor's report	Unmodified
2. Compliance and internal control over financial reporting	
a. Material weaknesses identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None
c. Noncompliance noted?	None

Federal Awards Section

3. Type of auditor's report issued on compliance for major programs	Unmodified
4. Internal control over major programs	
a. Material weaknesses identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None
5. Audit findings disclosed that are required in accordance with the Uniform Guidance	None
6. Identification of major programs	
10.553,10.555,10.559 - Child Nutrition Cluster	
7. Dollar threshold used to distinguish between Type A and B programs	$750,000
8. Auditee qualified as a low-risk auditee under the Uniform Guidance	Yes

Part II - Financial Statement Findings Section

None.

Part III - Federal Award Findings and Questioned Costs Section

None.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
NEW ORLEANS, LOUISIANA
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2017

Part I - Financial Statement Findings Section

None.

Part II - Federal Award Findings and Questioned Costs Section

None.