



Baton Rouge

BBR SCHOOLS, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2020

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BBR Schools, Inc.
Baton Rouge, LA

Report on the Financial Statements

We have audited the accompanying financial statements of BBR Schools, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BBR Schools, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

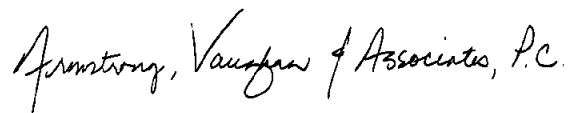
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information (as listing in the table of contents) is presented for the purposes of additional analysis and is not a required part of the financial statements. The Supplementary 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 other 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 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 November 9, 2020 on our consideration of BBR Schools, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 BBR Schools, Inc.'s internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

November 9, 2020, except as to the Schedule of Compensation, Benefits and Other Payments to Agency Head, which is as of December 30, 2020

**GENERAL-PURPOSE
FINANCIAL STATEMENTS**

BBR SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 2,033,205	\$ 901,561
Accounts Receivable:		
Parish School Board	470,592	354,188
Other	64,684	42,651
Prepaid Expenses	28,528	15,978
Receivable from Related Entity BCSI	-	411,756
<i>Total Current Assets</i>	<u>2,597,009</u>	<u>1,726,134</u>
 <i>Property and Equipment, net</i>	 <u>15,408,226</u>	 <u>15,881,797</u>
 TOTAL ASSETS	 <u>\$18,005,235</u>	 <u>\$17,607,931</u>
 LIABILITIES AND NET ASSETS		
<i>Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	\$ 477,155	\$ 544,028
Payable to Related Entity BCSI	9,808	-
Deferred Revenue	1,479	-
<i>Total Current Liabilities</i>	<u>488,442</u>	<u>544,028</u>
 <i>Long-term Liabilities:</i>		
Lease Liability	<u>16,516,502</u>	<u>16,351,339</u>
<i>Total Liabilities</i>	<u>17,004,944</u>	<u>16,895,367</u>
 <i>Net Assets:</i>		
Without Donor Restrictions	811,887	586,297
With Donor Restrictions	<u>188,404</u>	<u>126,267</u>
<i>Total Net Assets</i>	<u>1,000,291</u>	<u>712,564</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$18,005,235</u>	 <u>\$17,607,931</u>

The accompanying notes are an integral part of this financial statement.

BBR SCHOOLS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE			
Contributions	\$ 53,542	\$ 192,723	\$ 246,265
Parish School Board Allotment	6,005,954	-	6,005,954
Federal Revenues	-	63,253	63,253
Other Revenues	293,178	-	293,178
	<u>6,352,674</u>	<u>255,976</u>	<u>6,608,650</u>
Net Assets Released from Restrictions	193,839	(193,839)	-
TOTAL REVENUE	<u>6,546,513</u>	<u>62,137</u>	<u>6,608,650</u>
EXPENSES			
Educational Program	5,124,890	-	5,124,890
General and Administrative	1,171,435	-	1,171,435
Fundraising	24,598	-	24,598
TOTAL EXPENSES	<u>6,320,923</u>	<u>-</u>	<u>6,320,923</u>
CHANGE IN NET ASSETS	225,590	62,137	287,727
NET ASSETS - BEGINNING OF YEAR	<u>586,297</u>	<u>126,267</u>	<u>712,564</u>
NET ASSETS - END OF YEAR	<u>\$ 811,887</u>	<u>\$ 188,404</u>	<u>\$ 1,000,291</u>

The accompanying notes are an integral part of this financial statement.

BBR SCHOOLS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
REVENUE			
Contributions	\$1,474,919	\$ 126,267	\$1,601,186
Parish School Board Allotment	4,337,979	-	4,337,979
Federal Revenues	-	69,906	69,906
Other Revenues	354,468	-	354,468
	<u>6,167,366</u>	<u>196,173</u>	<u>6,363,539</u>
Net Assets Released from Restrictions	69,906	(69,906)	-
TOTAL REVENUE	<u>6,237,272</u>	<u>126,267</u>	<u>6,363,539</u>
EXPENSES			
Educational Program	4,543,797	-	4,543,797
General and Administrative	1,084,660	-	1,084,660
Fundraising	22,518	-	22,518
TOTAL EXPENSES	<u>5,650,975</u>	<u>-</u>	<u>5,650,975</u>
CHANGE IN NET ASSETS	586,297	126,267	712,564
NET ASSETS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 586,297</u>	<u>\$ 126,267</u>	<u>\$ 712,564</u>

The accompanying notes are an integral part of this financial statement.

BBR SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

EXPENSES	<u>Program</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Leased Personnel	\$ 2,669,965	\$ 382,327	\$ 15,490	\$ 3,067,782
Interest	829,369	355,444	-	1,184,813
Management & School Development Fee	677,847	101,747	-	779,594
Utilities	74,934	31,993	-	106,927
Depreciation	407,094	161,473	-	568,567
Purchased Services	49,337	21,431	-	70,768
Building Maintenance	75,290	32,074	-	107,364
School Meal Program	109,018	-	-	109,018
Insurance	50,604	21,688	-	72,292
Other Operating Costs	181,432	63,258	9,108	253,798
TOTAL EXPENSES	<u>\$ 5,124,890</u>	<u>\$ 1,171,435</u>	<u>\$ 24,598</u>	<u>\$ 6,320,923</u>

The accompanying notes are an integral part of this financial statement.

BBR SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

EXPENSES	<u>Program</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Leased Personnel	\$ 2,080,412	\$ 327,691	\$ 17,860	\$ 2,425,963
Interest	753,194	322,797	-	1,075,991
Management & School Development Fee	620,171	65,054	-	685,225
Utilities	70,235	30,268	9	100,512
Depreciation	350,729	145,407	-	496,136
Purchased Services	128,845	21,144	212	150,201
Building Maintenance	53,981	29,149	36	83,166
School Meal Program	139,745	2,036	-	141,781
Insurance	41,229	17,669	-	58,898
Other Operating Costs	305,256	123,445	4,401	433,102
TOTAL EXPENSES	<u>\$ 4,543,797</u>	<u>\$ 1,084,660</u>	<u>\$ 22,518</u>	<u>\$ 5,650,975</u>

The accompanying notes are an integral part of this financial statement.

BBR SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash Received from State and Federal Grantors	\$ 5,952,803	\$ 4,053,697
Cash Received from Others	518,889	1,913,003
Payments to Vendors for Goods and Services	(4,225,402)	(3,962,554)
Payments for Interest	<u>(1,019,650)</u>	<u>(1,019,652)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,226,640</u>	<u>984,494</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(94,996)</u>	<u>(82,933)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(94,996)</u>	<u>(82,933)</u>
NET INCREASE (DECREASE) IN CASH	1,131,644	901,561
BEGINNING CASH AND CASH EQUIVALENTS	<u>901,561</u>	<u>-</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 2,033,205</u>	<u>\$ 901,561</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 287,727	\$ 712,564
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	568,567	496,136
(Increase) Decrease in Current Assets:		
Accounts Receivable:		
Parish School Board	(116,404)	(354,188)
Other	(22,033)	(42,651)
Prepaid Expenses	(12,550)	(15,978)
Receivable from Related Entity BCSI	411,756	(411,756)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(66,873)	544,028
Payable to Related Entity BCSI	9,808	-
Deferred Revenue	1,479	-
Interest Accrued on Lease Liability	<u>165,163</u>	<u>56,339</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,226,640</u>	<u>\$ 984,494</u>

Noncash Financing Activities

2019 Finance Lease of School Site for Present Value of \$16,295,000

The accompanying notes are an integral part of this financial statement.

BBR SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

BBR Schools, Inc. (BBR) is a Louisiana nonprofit corporation organized February 2016. BBR's single member is BASIS Charter Schools, Inc. (BCSI) (an Arizona based nonprofit corporation). In 2018, BBR was awarded a Type 1 charter contract by the East Baton Rouge Parish School Board (EBR) to open a charter school serving grades kindergarten through twelfth. BBR receives a proportionate share of state and local revenue sources of EBR based on enrollment. The Board of Directors of BBR is appointed by BCSI and has the authority to make decisions, appoint the chief executive officer of the Charter, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter.

Basis of Accounting and Presentation

The general-purpose financial statements of BBR were prepared in conformity with accounting principles generally accepted in the United States. The *Financial Accounting Standards Board* is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Without Donor Restriction – net assets that are not subject to grantor or donor-imposed stipulations.

With Donor Restriction – net assets subject to grantor or donor-imposed stipulations that may be met by BBR actions, passage of time or held in perpetuity.

Cash and Cash Equivalents

For financial statement purposes, BBR considers all highly liquid investment instruments with an original maturity of three months or less to be cash.

Contributions

BBR reports contributions as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions in the reporting period in which the contribution becomes unconditional. When a restriction expires, net assets with donor restrictions are released and reported in the statement of activities as net assets released from restrictions. Contributions received in the same year that restrictions are fully met are reported in the without donor restriction column.

BBR SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2020 AND 2019

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Parish Funding

The EBR School Board receives state and local revenue sources to which BBR is contractually entitled. The amounts are distributed monthly and generally finalized for the year each June. Any amounts to which BBR is entitled to for a school year but has not yet been remitted are recorded as accounts receivable on the Statement of Financial Position. BBR reports the revenue from EBR as without donor restrictions as the revenue supports BBR's overall mission.

Capital Assets

Capital assets are defined by BBR as assets with a useful life greater than one year and an individual cost of more than \$300 and all textbooks. Such assets are recorded at historical cost (or fair value if donated) and are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation. Useful lives are generally estimated to be 3-to-5 years for furniture and equipment.

Leases

BBR classifies leases as financing or operating based on the nature of the agreement. This determination is performed at the inception of the lease and not reevaluated unless the contract is modified or lease termination/extension options are exercised that were not expected. Both types of leases result in lease liabilities and right to use assets on the statement of financial position based on discounted cash flows using either the implicit rate in the lease or BBR's incremental borrowing rate. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Finance lease right to use assets are amortized as a component of depreciation expense. Leases may include non-lease components; however, these are accounted for as a single lease component.

Use of Estimates

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

Functional Expense Classification

BBR allocates direct instructional costs and supplies to program activities. Activities related to facilitating governing board functions and maintaining fiscal responsibilities are allocated to general and administrative. Costs benefitting both general and program activities, are allocated based on an estimate of the utilization by each activity and/or the hours spent by the personnel involved.

Income Taxes

BBR Schools, Inc. is a not-for-profit organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, except to the extent that it has unrelated business income. As such, no provision for income taxes has been made in the financial statements. The Organization is generally no longer subject to income tax examination by Federal authorities for years prior to June 30, 2017.

BBR SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2020 AND 2019

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Subsequent Events

Subsequent events were considered through November 9, 2020, which is the date the financial statements were available to be issued.

NOTE 2 -- UNCOLLATERALIZED DEPOSITS

BBR's deposits exceeded FDIC insurance by \$1,647,597 and \$601,257 as of June 30, 2020 and 2019, respectively.

NOTE 3 -- CAPITAL ASSETS

Capital assets at June 30, 2020 were as follows:

	2020	2019
Right to Use Asset - Building	\$ 16,295,000	\$ 16,295,000
Furniture, Equipment & Textbooks	177,929	82,933
Less: Accumulated Depreciation	(1,064,703)	(496,136)
Property and Equipment - Net	\$ 15,408,226	\$ 15,881,797

Capital assets acquired with public funds received by BBR for the operation of the open-enrollment charter school constitute public property. Should the school close for any reason, assets purchased with funds received from the EBR School Board would be returned to the EBR School Board. However, as of June 30, 2020, none of the capital assets have been purchased with public funds. Depreciation expense was \$568,567 and \$496,136 for the years ending June 30, 2020 and 2019, respectively.

NOTE 4 -- LEASES

In 2018, BBR leased a facility from BCSI for a school. The lease agreement provides a schedule of required monthly payments for the entire term through June 30, 2049 with two additional 10-year renewals at BBR's option. Because of the length of the term and significance of the present value compared to the fair value of the building, the lease was classified as a finance lease. The extension options were not included as management is not reasonably certain they will be exercised. BBR has pledged all revenues to satisfying these lease payments, including EBR School Board payments to the extent permitted by Louisiana Law. Financial lease costs for the year ending June 30, 2020, were as follows:

	2020	2019
Finance Lease Cost:		
Amortization of Right to Use Asset (Included in Depreciation)	\$ 527,062	\$ 483,140
Interest on Lease Liability	1,184,813	1,075,991
Total Finance Lease Cost	\$ 1,711,875	\$ 1,559,131

BBR SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2020 AND 2019

NOTE 4 – LEASES (CONT.)

Additional disclosures about balances and future payments for the lease are as follows:

Finance Lease:	<u>2020</u>	<u>2019</u>
Property and Equipment	\$ 16,295,000	\$ 16,295,000
Accumulated Depreciation	<u>(1,010,202)</u>	<u>(483,140)</u>
Property and Equipment Net	<u>\$ 15,284,798</u>	<u>\$ 15,811,860</u>
Lease Liability	<u>16,516,502</u>	<u>16,351,339</u>
Total Finance Lease Liabilities	<u>\$ 16,516,502</u>	<u>\$ 16,351,339</u>
Remaining Lease Term	29 years	30 years
Discount Rate	7.21%	7.21%

<u>Year Ending June 30,</u>	<u>Future Minimum Payments</u>
2021	\$ 1,019,650
2022	1,019,650
2023	1,019,650
2024	1,459,650
2025	1,458,250
2026-2030	7,283,850
2031-2035	7,292,506
2036-2040	7,286,619
2041-2045	7,278,570
2046-2049	<u>5,818,076</u>
	40,936,471
Less: Interest	<u>(24,419,969)</u>
Net Present Value	<u>\$ 16,516,502</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019 consisted of Annual Teacher Fund (ATF) contributions of \$187,454 and another restriction of \$950. These ATF contributions are solicited to supplement teacher compensation in the coming school year. Releases of net assets with donor restrictions during the years ending June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
School Breakfast and Lunch	\$ 54,528	\$ 69,906
Strong Start Grant	8,725	-
Annual Teacher Fund	<u>130,586</u>	<u>-</u>
Total Released Net Assets	<u>\$ 193,839</u>	<u>\$ 69,906</u>

BBR SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2020 AND 2019

NOTE 6 -- RELATED ENTITY

BASIS Charter Schools Inc. (BCSI) is the sole member of BBR, has common management (BASIS Educational Group), and shares one common Board member. BCSI also has the authority to appoint members to the Board of Directors of BBR. BBR leases facilities from BCSI and the two entities collaborate on projects to minimize costs and ease administrative burden. In the normal course of their operations payables and receivables are incurred between these entities and are reflected on the Statement of Financial Position as receivables and payables. In addition, BBR paid BCSI for leased personnel in the amounts of \$38 thousand and \$39 thousand for the years ending June 30, 2020 and 2019, respectively.

NOTE 7 -- BASIS EDUCATIONAL GROUP MANAGEMENT AGREEMENT

BBR contracted with BASIS Educational Group (BASIS.ed) to perform management and operational functions of BBR, including leased personnel, and to participate in the BASIS education model. Management fees are paid to BASIS.ed based on a percentage of certain revenue. Expenses recognized to BASIS.ed for the year ending June 30, 2020 were \$780 thousand for management and school development fees and \$3.03 million for leased personnel. Expenses recognized to BASIS.ed for the year ending June 30, 2019 were \$685 thousand for management and school development fees and \$2.39 million for leased personnel.

NOTE 8 -- EAST BATON ROUGE SCHOOL BOARD CONCENTRATION

BBR exists to run a charter school in East Baton Rouge which is authorized by contract through East Baton Rouge School Board (EBR). BBR is subject to state, federal and EBR compliance requirements. Failure to comply could lead to loss of funding or revocation of the charter contract. Upon revocation or closure, all assets acquired with public funds are returned to EBR, including cash. Revenues related to the charter contract represented 91% and 68% of total revenues for the years ending June 30, 2020 and 2019, respectively. Should this contract be terminated, BBR's operations would be severely impacted.

NOTE 9 -- LIQUIDITY AND AVAILABILITY

As of June 30, 2020, BBR's working capital was \$2,108,567. After subtracting restricted contributions in the amount of \$188,404, BBR has approximately four months of operating costs available as of June 30, 2020. In addition, BBR's largest funding source (the contract with EBR) is in effect for the school year 2020-2021, providing monthly payments to support operations sufficient to cover the operating budget.

NOTE 10 -- LITIGATION

Management is unaware of any pending or threatened litigation that would result in any significant financial impact.

BBR SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2020 AND 2019

NOTE 11 – SUBSEQUENT EVENTS

In August 2020, BBR contracted with EBR for a second campus in Baton Rouge. The campus is expected to enroll students for the 2021-2022 fiscal year.

In July 2020, Friends of Basis Louisiana (“Friends”), a separate nonprofit organization, was created to raise funds for the exclusive benefit of BBR. A majority of the board of Friends is comprised of the board members of BBR and upon closure any remaining funds of Friends will be remitted to BBR. Future financial activities of Friends will be consolidated into the financial statements of BBR for reporting purposes.

In September 2020, Friends obtained two debt agreements of up to \$12.4 million dollars to purchase, construct and equip the second campus for BBR. The debt service on the note payable may be paid by philanthropy or lease payments from BBR. Debt service will not begin until the 2021-2022 fiscal year.

SUPPLEMENTARY INFORMATION

BBR SCHOOLS, INC.
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL
REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2020

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ -	
Other Instructional Staff Activities	-	
Instructional Staff Employee Benefits	-	
Purchased Professional and Technical Services	2,424,122	
Instructional Materials and Supplies	43,074	
Instructional Equipment	30,322	
Total Teacher and Student Interaction Activities		\$ 2,497,518
Other Instructional Activities		37,436
Pupil Support Services	-	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		-
Instructional Staff Services	27,779	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		27,779
School Administration	1,013,645	
Less: Equipment for School Administration	(513)	
Net School Administration		1,013,132
Total General Fund Instructional Expenditures (Total of Column B)		\$ 3,575,865
 Total General Fund Equipment Expenditures (Object 730: Functional Series 1000 - 4000)		 \$ 568,367
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem		\$ -
Renewable Ad Valorem		-
Debt Service Ad Valorem		-
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 Revenues in Lieu of Taxes		\$ -
<u>Revenues from State Sources</u>		
State Unrestricted Grants-In-Aid:		
State Public School Fund (MFP) - Excluding School Lunch		\$ 6,005,954
State Revenue for/on Behalf of LEA:		
Other Revenue for/on Behalf of LEA		-
Total Revenue from State Sources		\$ 6,005,954
Nonpublic Textbook Revenue		\$ -
Nonpublic Transportation Revenue		\$ -

See Independent Auditor's Report.

BBR SCHOOLS, INC.
 CLASS-SIZE CHARACTERISTICS
 AS OF OCTOBER 1, 2019

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary					67	40%	15	9%
Elementary Activity Classes					69	43%	15	9%
Middle/ Jr. High								
Middle/ Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

BBR SCHOOLS, INC.
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
 JUNE 30, 2020

Agency Head Name: Deanna Rowe

Purpose	Amount
Salary	\$ 32,875
Benefits-Insurance	\$ 1,651
Benefits-Retirement	\$ 923
Benefits-Other - Payroll Taxes	\$ 2,450
Car Allowance	\$ -
Vehicle Provided by Entity	\$ -
Per Diem	\$ -
Reimbursements	\$ -
Travel	\$ 2,856
Registration Fees	\$ -
Conference Travel	\$ 317
Housing	\$ -
Unvouchered Expenses	\$ -
Special Meals	\$ -
Other	\$ 580

COMPLIANCE AND INTERNAL CONTROL



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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
BBR Schools, Inc. (BBR)
Baton Rouge, Louisiana

We have audited 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, the financial statements of BBR, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 9, 2020.

Internal Control Over Financial Reporting

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

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

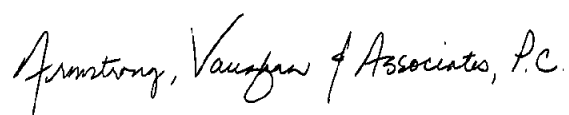
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
November 9, 2020



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of BBR Schools, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the BBR Schools, Inc. for the fiscal year ended June 30, 2020 and other data submitted to the Louisiana Department of Education. Management of BBR Schools, Inc. is responsible for its performance and statistical data and other data submitted to the Louisiana Department of Education.

BBR Schools, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing the validity of the data presented for the year ending June 30, 2020. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures And Certain Local Revenue Sources

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Findings: None.

Class Size Characteristics

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

Findings: None.

Education Levels/Experience of Public School staff

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

Findings: None.

Public School Staff Data: Average Salaries

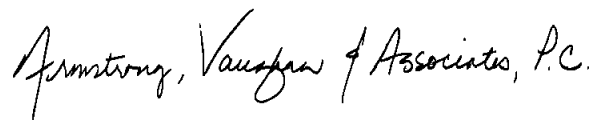
4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation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

Findings: The PEP data included minimum salaries and expected hours worked for private, leased teachers. Actual compensation of the private, leased employees in our sample supported the minimum salaries and expected hours.

We were engaged by BBR Schools, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 information or other data submitted to the Louisiana Board of Education for the year ending June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of BBR Schools, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of BBR Schools, Inc., the Louisiana Department of Education, the Louisiana Legislative Auditor, and the East Baton Rouge Parish School Board, and is not intended to be used by anyone other than these specified parties.



Armstrong, Vaughan & Associates, P.C.
November 9, 2020