

GEO PREP ACADEMY OF GREATER BATON ROUGE

FINANCIAL STATEMENTS

June 30, 2020 and 2019

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CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION	
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD	13
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	14
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	15
INDEPENDENT AUDITOR'S 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	16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON THE INTERNAL CONTROL OVER COMPLIANCE.....	18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	20
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)	
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	21
SCHEDULE 1: GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES FOR THE YEAR ENDED JUNE 30, 2020	24
SCHEDULE 2: CLASS SIZE CHARACTERISTICS... ..	25

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GEO Prep Academy of Greater Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of GEO Prep Academy of Greater Baton Rouge (the School), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GEO Prep Academy of Greater Baton Rouge as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the School has adopted, ASU 2018-08 – *Not-for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* and ASU 2016-18 – *Statement of Cash Flows (Topic 230): Restricted Cash* for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to the agency head and the 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* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of the School'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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 31, 2020

GEO PREP ACADEMY OF GREATER BATON ROUGE
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,524,535	\$ 716,952
Restricted cash (Note 1)	163,645	-
Accounts receivable	104,689	245,770
Grants receivable	222,979	24,860
Due from management company	-	68,884
Prepaid expenses	169,757	77,079
Property and equipment, net (Note 2)	<u>6,533,932</u>	<u>6,316,060</u>
Total assets	<u>\$ 8,719,537</u>	<u>\$ 7,449,605</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 565,049	\$ 453,586
Due to management company (Note 3)	808,439	1,117,569
Notes payable (Note 4)	<u>5,448,303</u>	<u>5,392,598</u>
Total liabilities	6,821,791	6,963,753
NET ASSETS		
Without donor restrictions	<u>1,897,746</u>	<u>485,852</u>
Total liabilities and net assets	<u>\$ 8,719,537</u>	<u>\$ 7,449,605</u>

See accompanying notes to financial statements.

GEO PREP ACADEMY OF GREATER BATON ROUGE
STATEMENTS OF ACTIVITIES
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Public support and revenues		
State and local sources	\$ 7,904,350	\$ 5,869,863
Federal sources	2,150,625	921,617
Contributions and grants	49,734	405,903
Other revenue	<u>405,688</u>	<u>73,358</u>
Total revenue and support	<u>10,510,397</u>	<u>7,270,741</u>
Expenses		
Program services:		
Instructional	8,209,251	5,962,677
Supporting services:		
Management and general	<u>889,252</u>	<u>754,376</u>
Total expenses	<u>9,098,503</u>	<u>6,717,053</u>
Change in net assets	1,411,894	553,688
Net assets without donor restrictions, beginning of year	<u>485,852</u>	<u>(67,836)</u>
Net assets without donor restrictions, end of year	<u>\$ 1,897,746</u>	<u>\$ 485,852</u>

See accompanying notes to financial statements.

GEO PREP ACADEMY OF GREATER BATON ROUGE
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 1,411,894	\$ 553,688
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization expense	410,649	350,747
Change in assets and liabilities:		
Accounts receivable	141,081	(95,814)
Grants receivable	(198,119)	16,134
Prepaid expenses	(92,678)	(55,737)
Accounts payable and accrued expenses	111,463	281,758
Due to/from management company	(240,246)	580,720
Net cash from operating activities	<u>1,544,044</u>	<u>1,631,496</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(615,921)</u>	<u>(1,506,786)</u>
Net cash from investing activities	(615,921)	(1,506,786)
Cash flows from financing activities		
Proceeds on issuance of notes payable	286,776	500,000
Payment of debt issuance costs	(72,631)	-
Principal payments on notes payable	<u>(171,040)</u>	<u>(40,435)</u>
Net cash from financing activities	<u>43,105</u>	<u>459,565</u>
Net change in cash and cash equivalents	971,228	584,275
Cash and cash equivalents, beginning of year	<u>716,952</u>	<u>132,677</u>
Cash and cash equivalents, end of year	<u>\$ 1,688,180</u>	<u>\$ 716,952</u>
Reconciliation of cash to the Statements of Financial Position:		
Cash and cash equivalents	\$ 1,524,535	\$ 716,952
Restricted cash	<u>163,645</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 1,688,180</u>	<u>\$ 716,952</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 300,285	\$ 262,550
Noncash financing activities		
Issuance of note payable	5,450,000	-
Repayment of note payable as part of refinancing	(5,163,224)	-

See accompanying notes to financial statements.

GEO PREP ACADEMY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization: The GEO Prep Academy of Greater Baton Rouge (the School) is a nonprofit organization established in 2015 for the purpose of operating a charter school located in Baton Rouge, Louisiana. The School was created to ensure that all students show growth in character, academics, life skills, the arts, and wellness using teaching skills tailored to meet the needs of each student.

The School's initial school year began in August 2015. The Louisiana State Board of Elementary and Secondary Education ("BESE") granted the School a Type 2 charter. The School has full responsibility for its finances and operations and operates under an 8-member School Board.

Method of Accounting: The School maintains its accounts on the accrual basis of accounting and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income Taxes: The School is exempt from income taxes on income from related activities under Section 501(c)(3) of the U. S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the School is not considered to be a private foundation under Section 509(a) of the Internal Revenue Code.

The School has adopted applicable guidance with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit will be recorded.

The School does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The School recognizes interest and/or penalties related to income tax matters in income tax expense. The School did not have any amounts accrued for interest and penalties at June 30, 2020 and 2019.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000. Bank balances may periodically exceed FDIC insured limits. For the purpose of the statement of cash flows, the School considers all highly liquid debt instruments, if any, purchased with a maturity of three months or less to be cash equivalent.

Restricted Cash: The School is required to maintain a capital asset reserve account under the terms of the note agreement disclosed in Note 4 which requires a monthly deposit to the account from the School. The funds may be used to reimburse the School for asset replacement and renovations of the building financed through the note agreement. As of June 30, 2020, the School's restricted cash balance is \$163,645. The School had no restricted cash on hand at June 30, 2019.

Accounts and Grants Receivable: Accounts and grants receivable balances consist of amounts billed or billable for services provided or contracted. Grants receivable includes receivables related to cost-reimbursement federal grants. The School does not accrue interest on any of its grants receivables.

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GEO PREP ACADEMY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowances: No allowance for doubtful accounts is recorded as of June 30, 2020 and 2019. The allowances are based upon prior experience and management's analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. The School currently considers all receivables to be fully collectible.

Property and Equipment: Expenditures for property and equipment and items in excess of \$500 which substantially increase the useful lives of existing assets are capitalized at cost or at fair value at date of gift. Repairs and maintenance costs are expensed as incurred. Depreciation has been computed on straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Buildings and improvements	39 years
Property and equipment	3-7 years

Assets acquired with Department of Education funds are owned by the School while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Impairment of Long-Lived Assets: In accordance with GAAP, the School reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2020 and 2019, management believes that no impairment exists.

Fair Value of Financial Instruments: Cash and cash equivalents and accounts payable approximate fair value because of the short maturity of these instruments. Grants receivable are not readily marketable. The School has estimated their fair value to be the carrying value. The carrying value of all the School's financial instruments, approximate fair value, except for notes payable.

Basis of Presentation: The School follows GAAP and reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – The net asset without donor restrictions class includes general assets and liabilities of the School. The net asset without donor restrictions of the School may be used at the discretion of management to support the School's purposes and operations.

Net Assets With Donor Restrictions – The net asset with donor restrictions class includes assets of the School related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. The School had no net assets with donor restrictions of this nature as of June 30, 2020 and 2019. The net asset with donor restrictions that are kept in perpetuity class includes assets of the School related to contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School had no net assets with donor restrictions to be kept in perpetuity as of June 30, 2020 and 2019.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue: Support funded by grants is recognized as the School performs the contracted services under various grant agreements. Grant revenue is typically recognized as earned as the eligible expenses are incurred. Some of the School's grant agreements are not on a cost reimbursement basis, and support is recognized when earned. This includes the revenue from the Minimum Foundation Program (MFP) which is earned as received during the school year. The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. MFP funding represented approximately 75% and 81% of total public support and revenue for the years ended June 30, 2020 and 2019, respectively.

Federal grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional and Allocated Expenses: Expenses have been classified as program services and supporting services based on the actual direct expenditures and estimated cost allocations. Salaries and related expenses are charged based upon time estimates of personnel. Supporting services include management and general activities of the School. The School did not incur any fundraising expenses for the years ended June 30, 2020 and 2019.

Recently Adopted Accounting Guidance: In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The School applied the amendments in this ASU for the year ended June 30, 2020, using a full retrospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

In November 2016, the FASB issued ASU 2016-18 – *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this Update require that a statement of cash flows explain the change during the period of total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. Therefore, amounts generally described as restricted cash and cash equivalents should be included with cash and cash equivalents on the statement of cash flows. The School applied the amendments in this ASU for the year ended June 30, 2020, including retrospective adoption to the year ended June 30, 2019.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2020. Management has performed their analysis through December 31, 2020, the date the financial statements were available to be issued.

(Continued)

GEO PREP ACADEMY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 - PROPERTY AND EQUIPMENT

At June 30, the carrying value of furniture, equipment, and textbooks consists of the following:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 6,378,410	\$ 6,321,651
Computers and equipment	858,649	299,487
Less: accumulated depreciation	<u>(703,127)</u>	<u>(305,078)</u>
	<u>\$ 6,533,932</u>	<u>\$ 6,316,060</u>

Depreciation expense was \$398,049 and \$256,489 for the years ended June 30, 2020 and 2019, respectively.

NOTE 3 - MANAGEMENT AGREEMENT

In accordance with a management agreement, for the term of five (5) years beginning July 1, 2015 and ending on June 30, 2020, GEO Foundation will be responsible for all management, academic, operational and administrative services necessary for the operation of the School; in consultation and communication with the School's Board of Directors. For those services, the School paid GEO Foundation \$715,288 and \$560,000 for the years ended June 30, 2020 and 2019, respectively.

During the year ended June 30, 2016, the School signed a 5-year start-up loan agreement with GEO Foundation, noted as "due to management company" on the statements of financial position, in the amount of \$345,345, at an interest rate of 0% per annum, maturing on June 30, 2021. The balance at June 30, 2020 and 2019 was \$205,744, respectively. The principal payment terms as of the issuance of the debt states that a minimum of \$50,000 is to be paid per year, however, the agreement also states that this payable may be extended past the repayment terms mentioned in the agreement as needed, as agreed to by GEO, in order to support the academic needs of the School.

In June 2019, the School entered into an agreement to purchase property and improvements from GEO Foundation for a sales price of \$1,250,000. The School entered into a \$750,000 promissory note with GEO Foundation and utilized \$500,000 of debt issuance proceeds in fiscal year 2019 to finance the acquisition. The promissory note requires monthly payments of principal and interest of \$14,870 through June 1, 2024, however, the agreement may be extended past the repayment terms mentioned in the agreement as needed, as agreed to by GEO Foundation, in order to support the academic needs of the School. Monthly payments have been paused while the School and GEO Foundation revise the payment terms. In January 2020, the School repaid \$154,787 of the outstanding balance with a portion of proceeds from the debt issuance disclosed in Note 4. At June 30, 2020 and 2019, the balance on the note payable is \$595,213 and \$750,000, respectively.

At June 30, 2020 and 2019, the School had a payable to GEO Foundation of \$7,482 and \$161,825, respectively, for management services provided. At June 30, 2019, the School had a receivable from GEO Foundation for \$68,884 related to reimbursement for items collected by GEO Foundation on behalf of the School. There was no receivable balance due from GEO Foundation for the year ended June 30, 2020.

(Continued)

GEO PREP ACADEMY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 - NOTES PAYABLE

Notes payable consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
<p>During the year ended June 30, 2017, the School signed a 5 year unsecured promissory note with a local bank in the amount of \$220,000, at an interest rate of 7.230% per annum, maturing on June 5, 2022. Principal and interest payments are due monthly.</p>	\$ 98,571	\$ 142,598
<p>In January 2020, the School refinanced the promissory note in the principal amount of \$5,450,000 with a fixed interest rate of 4.73%. Monthly principal and interest payments of \$35,440 began on March 1, 2020 through the loan's maturity date of February 1, 2025 when all unpaid principal and interest is due. The loan agreement requires a capital asset reserve account to be established by the School and requires monthly deposits to fund asset replacement and renovations as they come due. The refinancing agreement removes the collateral deposit requirement and GEO Foundation's guarantee on the previous outstanding note.</p>	5,409,763	-
<p>In June 2019, the School refinanced the promissory note with a local bank in the amount of \$5,250,000 which includes \$4,750,000 financed in fiscal year 2018 to secure financing for the purchase of property to relocate the charter school and \$500,000 borrowed in fiscal year 2019 to finance the acquisition of a second building disclosed in Note 3. Payments of \$36,507 are due monthly at a rate of 5.55% per annum, maturing in June 2024 when a balloon payment of \$4,466,777 in principal is due. The loan is collateralized by property and a \$1,000,000 deposit account held by GEO Foundation. GEO Foundation has fully guaranteed the debt.</p>	-	<u>5,250,000</u>
	5,508,334	<u>5,392,598</u>
Debt issuance costs, net of accumulated amortization	<u>(60,031)</u>	-
Total notes payable, net	<u>\$ 5,448,303</u>	<u>\$ 5,392,598</u>

The estimated future principal payments due on long term debt are:

2021	\$ 220,366
2022	232,877
2023	190,296
2024	199,495
2025	<u>4,665,300</u>
	<u>\$ 5,508,334</u>

Total interest expense during the years ended June 30, 2020 and 2019 was \$280,860 and \$280,510, respectively.

(Continued)

GEO PREP ACADEMY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 - RETIREMENT PLAN

Employees of the School may participate in a 403(b) defined contribution plan. Eligible employees may elect to contribute a portion of their salaries to the plan. The School may elect to make a discretionary contribution equal to 200% of the participant's contributions not to exceed 3% of the participant's compensation. The School made contributions to the plan of \$93,989 and \$82,466 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 - FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION

The statements of activities report certain categories of expenses attributable to the program and supporting functions of the School. Functions include program expense for instructional services and management and general activities. The table below presents these functional expenses by their natural classification for the years ended June 30, 2020 and 2019, respectively.

	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
<u>2020</u>			
Salaries	\$ 4,513,181	\$ -	\$ 4,513,181
Purchased property services	623,816	46,954	670,770
Professional purchased services	154,178	715,288	869,466
Employee benefits	785,383	-	785,383
Food service	679,540	-	679,540
Utilities	128,923	9,704	138,627
Marketing	-	7,568	7,568
Materials and supplies	85,983	6,472	92,455
Insurance	85,418	15,074	100,492
Textbooks, books, workbooks, periodicals	205,782	-	205,782
Transportation services	271,461	-	271,461
Other purchased services	189,998	33,529	223,527
Other expenses	103,684	25,918	129,602
Depreciation and amortization	<u>381,904</u>	<u>28,745</u>	<u>410,649</u>
Total expenses	<u>\$ 8,209,251</u>	<u>\$ 889,252</u>	<u>\$ 9,098,503</u>

	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
<u>2019</u>			
Salaries	\$ 2,929,855	\$ -	\$ 2,929,855
Purchased property services	580,086	30,531	610,617
Professional purchased services	482,926	560,000	1,042,926
Employee benefits	502,962	-	502,962
Food service	421,601	-	421,601
Utilities	116,779	6,146	122,925
Marketing	-	64,030	64,030
Materials and supplies	90,962	4,788	95,750
Insurance	64,920	11,457	76,377
Textbooks, books, workbooks, periodicals	156,778	-	156,778
Transportation services	242,092	-	242,092
Other purchased services	40,506	7,148	47,654
Other expenses	-	52,739	52,739
Depreciation and amortization	<u>333,210</u>	<u>17,537</u>	<u>350,747</u>
Total expenses	<u>\$ 5,962,677</u>	<u>\$ 754,376</u>	<u>\$ 6,717,053</u>

(Continued)

GEO PREP ACADEMY OF GREATER BATON ROUGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

NOTE 7 - LIQUIDITY AND AVAILABILITY

The School's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,524,535	\$ 716,952
Restricted cash	163,645	-
Accounts receivable	104,689	245,770
Grants receivable	222,979	24,860
Due from management company	<u>-</u>	<u>68,884</u>
	2,015,848	1,056,466
Less amounts not available to be used within one year:		
Restricted cash	<u>163,645</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,852,203</u>	<u>\$ 1,056,466</u>

As part of the School's liquidity management, the School invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8 - COVID-19 IMPACT AND PAYCHECK PROTECTION PROGRAM LOAN

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with various state and local ordinances, the School moved to online instruction from March 30, 2020 through the end of the 2019-2020 academic year. In August 2020, the School re-opened to in-person instruction for the 2020-2021 academic year. The operations and business results of the School could be materially adversely affected by the pandemic in the future.

In April 2020, the School obtained Paycheck Protection Program (PPP) funding under a program offered by the United States Small Business Administration (SBA) in the amount of \$715,000. The School is accounting for the PPP funding as a conditional contribution under ASC 958-605. In order to obtain loan forgiveness from the SBA, the School must spend the PPP proceeds on allowable expenses and maintain certain required levels of employee retention over the covered period. The School substantially met all of the conditions of the PPP and recorded grant revenue of \$715,000 during the year ended June 30, 2020. In November 2020, the School applied for forgiveness and received notification of full forgiveness on December 2, 2020.

The School was awarded an allocation of Elementary and Secondary School Emergency Relief Funding through the CARES Act totaling \$264,542. As of June 30, 2020, the School had incurred expenditures of \$206,713. This balance has yet to be received by the School and is currently being shown as a grant receivable and grant revenue as of June 30, 2020. The remaining \$57,829 of the award is expected to be expended and recognized during fiscal year 2021.

SUPPLEMENTARY INFORMATION

GEO PREP ACADEMY OF GREATER BATON ROUGE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
 PAYMENTS TO THE AGENCY HEAD
 June 30, 2020

Agency Head Name:	Shirlon Clay	Samantha Carter
<u>Purpose</u>	<u>Amount</u>	<u>Amount</u>
Salary	\$ 88,367	\$ 82,417
Benefits-health insurance	3,941	-
Benefits-retirement	5,287	-
Deferred compensation	-	-
Workers comp	-	-
Benefits-life insurance	-	-
Benefits-long term disability	-	-
Benefits-FICA and Medicare	6,517	6,203
Car allowance	-	-
Vehicle provided by government	-	-
Cell phone	-	-
Dues	-	-
Vehicle rental	-	-
Per diem	-	-
Reimbursements	-	-
Travel	-	-
Registration fees	-	-
Conference travel	-	-
Unvouchered expenses	-	-
Meetings and conventions	-	-
Other	-	-
	<u> </u>	<u> </u>
Total	<u>\$ 104,111</u>	<u>\$ 88,620</u>

*Note: The School includes two locations with separate agency heads at each location. The Platt facility contains students from kindergarten through second grade while the Sherwood facility contains students from third through eighth grade.

UNIFORM GUIDANCE REPORTING PACKAGE

GEO PREP ACADEMY OF GREATER BATON ROUGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass Through Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Pass-Through Louisiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2019-2020	\$ 188,235
National School Lunch Program	10.555	FY 2019-2020	<u>433,096</u>
Total Child Nutrition Cluster			621,331
 Child and Adult Care Food Program	 10.558	 FY 2019-2020	 <u>65,658</u>
Total U.S. Department of Agriculture			<u>686,989</u>
 <u>U.S. Department of Education</u>			
Passed through the Louisiana Department of Education			
Title I Grants to Local Educational Agencies	84.010	FY 2019-2020	397,847
Special Education Grants to States	84.027	FY 2019-2020	144,075
COVID-19 - Elementary and Secondary School Emergency Relief Fund-Education Stabilization Fund	84.425D	FY 2019-2020	<u>206,713</u>
Total U.S. Department of Education			<u>748,635</u>
 Total expenditures of federal awards			 <u>\$ 1,435,624</u>

See accompanying note to the Schedule of Expenditures of Federal Awards.

GEO PREP ACADEMY OF GREATER BATON ROUGE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDEPENDENT AUDITOR'S 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*

The Board of Directors
GEO Prep Academy of Greater Baton Rouge
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 GEO Prep Academy of Greater Baton Rouge (the School), which comprise the statement of financial position as of June 30, 2020, and the related statement 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 31, 2020.

Internal Control Over Financial Reporting

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 black ink that reads "Crowe LLP". The letters are cursive and slanted to the right.

Crowe LLP

Indianapolis, Indiana
December 31, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors
GEO Prep Academy of Greater Baton Rouge
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited GEO Prep Academy of Greater Baton Rouge's (the School) compliance with the types of compliance requirements described in the *OMB Uniform Guidance* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2020. The School's major federal program is 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 compliance for the School's major federal program 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* 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 School'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 the major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

(Continued)

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 School'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 charged with governance.

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

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 31, 2020

GEO PREP ACADEMY OF GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of report the audit issued on whether the
Financial statements audited were prepared
In accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified not
considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor’s report issued on compliance for
major federal programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

SCHEDULES REQUIRED BY STATE LAW

(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

The Board of Directors
GEO Prep Academy of Greater Baton Rouge
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by GEO Prep Academy of Greater Baton Rouge (the "School"), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2020; to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data and compliance with Louisiana Revised Statute 24:514 I. 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.

The procedures and associated findings are as follows:

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

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

Results of Procedure: No exceptions noted.

Class Size Characteristics (Schedule 2)

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

Results of Procedure: We noted three instances for activity related classes in which classes were classified in the 27-33 class size range but should have been reported in the 21-26 class size range within the schedule. We noted three classes which were improperly excluded from the schedule and should have been included in the 21-26 class size range. We also noted three instances for regular classes in which classes were reported in the 21-26 class size range but should have been classified in the 27-33 class size range. The Schedule 2 on page 25 has been updated by management for the items noted above.

Management's Response: Management will refine reporting procedures over the class sizes to ensure all classes are counted and classified correctly.

(Continued)

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

3. We obtained October 1st Profile of Educational Personnel (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 random sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results of Procedure: We noted six instances in our random sample of 25 individuals where the experience level reported to the Department of Education did not agree to the employee's personnel file.

Management's Response: Management will refine the onboarding process to include an additional verification process for receipt of all necessary paperwork. Management will also review all current staff files to ensure all verified information is correct and entered into the system.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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 random sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results of Procedure: No exceptions noted.

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


Crowe LLP

Indianapolis, Indiana
December 31, 2020

GEO PREP ACADEMY OF GREATER BATON ROUGE
BATON ROUGE, LOUISIANA
SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)
As of and for the Year ended June 30, 2020

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 (Formerly 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.

GEO PREP ACADEMY OF GREATER BATON ROUGE
 SCHEDULE 1: GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
 AND CERTAIN LOCAL REVENUE SOURCES
 Year ended June 30, 2020
 (Unaudited)

<u>General Fund Instructional and Equipment Expenditures</u>	<u>Column A</u>	<u>Column B</u>
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,692,537	
Other instructional staff activities	1,061,122	
Instructional staff employee benefits	570,257	
Purchased professional and technical services	192,661	
Instructional materials and supplies	222,752	
Instructional equipment	<u>350,110</u>	
Total teacher and student interaction activities		\$ 4,089,439
Other instructional activities		<u>-</u>
Pupil support activities	\$ -	
Less: equipment for pupil support activities	<u>5,070</u>	
Net pupil support activities		<u>5,070</u>
Instructional staff services	\$ -	
Less: equipment for instructional staff services	<u>-</u>	
Net instructional staff services		<u>-</u>
School administration	\$ 1,530,203	
Less: equipment for school administration	<u>-</u>	
Net school administration		<u>1,530,203</u>
Total general fund instructional expenditures		<u>\$ 5,624,712</u>
Total general fund equipment expenditures		<u>\$ -</u>

Certain local revenue sources

This section is not applicable to GEO Prep Academy of Greater Baton Rouge.

GEO PREP ACADEMY OF GREATER BATON ROUGE
 SCHEDULE 2: CLASS SIZE CHARACTERISTICS
 As of October 1, 2019
 (Unaudited)

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary Activity Classes	19%	6	75%	23	6%	2	0%	0
Elementary	24%	48	57%	115	19%	38	0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.