

**BATON ROUGE UNIVERSITY
PREPARATORY SCHOOL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

Report on the consolidated financial Statements

We have audited the accompanying consolidated financial statements of Baton Rouge University Preparatory School, Inc. (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the consolidated financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, consolidated financial position of Baton Rouge University Preparatory School, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and 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 consolidated financial statements as a whole. The accompanying schedules of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Compensation, Benefits and other Payments to the School Leader, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The Performance and Statistical Data is not a required part of the basic consolidated financial statements but is supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of Baton Rouge University Preparatory School, Inc.'s internal control over consolidated financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over consolidated financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Baton Rouge University Preparatory School, Inc.'s internal control over consolidated financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baton Rouge University Preparatory School, Inc.'s internal control over consolidated financial reporting and compliance.



Daigrepoint & Brian, APAC
Baton Rouge, LA

November 30, 2021

BATON ROUGE UNIVERSITY PREPARATORY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 831,668	\$ 1,545,562
Accounts receivable, net	781,826	27,733
Prepaid expenses	43,895	54,056
Total Current Assets	<u>1,657,389</u>	<u>1,627,351</u>
Property and Equipment		
Furniture and fixtures	69,846	69,846
Equipment	389,576	216,981
Land	3,094,800	3,094,799
Leasehold improvements	46,149	46,149
	<u>3,600,371</u>	<u>3,427,775</u>
Accumulated depreciation	<u>(282,730)</u>	<u>(192,118)</u>
Total Property and Equipment	<u>3,317,641</u>	<u>3,235,657</u>
Total Assets	<u>\$ 4,975,030</u>	<u>\$ 4,863,008</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	295,199	206,608
Accrued salaries and benefits	2,516	132,299
Short term portion of long term debt	-	77,472
Total Current Liabilities	<u>297,715</u>	<u>416,379</u>
Long Term Liabilities		
Long term debt	-	1,466,821
Total Long Term Liabilities	<u>-</u>	<u>1,466,821</u>
Total Liabilities	297,715	1,883,200
Net Assets Without Donor Restrictions	<u>4,677,315</u>	<u>2,979,808</u>
Total Liabilities and Net Assets	<u>\$ 4,975,030</u>	<u>\$ 4,863,008</u>

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Minimum Foundation Program	4,032,674	4,296,289
Federal grants	1,309,217	590,373
State grants	6,836	16,034
Private grants	300,000	-
PPP loan forgiveness	-	372,822
Other income	13,784	35,178
Total Revenues	<u>5,662,511</u>	<u>5,310,696</u>
EXPENSES		
Program services	3,319,159	3,693,562
Management and general	645,845	554,740
Total Expenses	<u>3,965,004</u>	<u>4,248,302</u>
CHANGE IN NET ASSETS	1,697,507	1,062,394
Net assets - beginning of year	<u>2,979,808</u>	<u>1,917,414</u>
Net assets - end of year	<u>\$ 4,677,315</u>	<u>\$ 2,979,808</u>

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management & General	Total
Curriculum materials and software	\$ 146,798	\$ -	\$ 146,798
Depreciation	72,490	18,122	90,612
Employee benefits	159,184	6,601	165,785
Food service	157,840	-	157,840
Insurance	23,484	5,871	29,355
Interest	-	85,740	85,740
Miscellaneous	35,444	-	35,444
Office expense	16,997	16,997	33,994
Payroll taxes	116,090	5,326	121,416
Professional development	18,145	-	18,145
Rent	176,655	58,885	235,540
Repairs and maintenance	22,310	5,577	27,887
Salaries	1,225,259	103,080	1,328,339
Supplies	56,164	9,430	65,594
Technical and professional services	683,859	307,621	991,480
Transportation	318,060	-	318,060
Utilities	90,380	22,595	112,975
	<u>\$ 3,319,159</u>	<u>\$ 645,845</u>	<u>\$ 3,965,004</u>

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Administration fees	\$ 8,581	\$ 2,145	\$ 10,726
Curriculum materials and software	265,276	-	265,276
Depreciation	43,461	10,865	54,326
Employee benefits	232,605	31,293	263,898
Food service	227,733	-	227,733
Insurance	24,400	6,100	30,500
Interest	-	61,828	61,828
Janitorial	56,983	14,246	71,229
Payroll taxes	115,945	8,984	124,929
Recruiting	66,035	-	66,035
Rent	236,594	78,865	315,459
Repairs and maintenance	13,529	3,382	16,911
Salaries	1,612,656	170,930	1,783,586
Supplies	17,470	7,159	24,629
Technical and professional services	401,357	148,364	549,721
Travel	3,868	-	3,868
Transportation	324,755	-	324,755
Utilities	42,314	10,579	52,893
	<u>\$ 3,693,562</u>	<u>\$ 554,740</u>	<u>\$ 4,248,302</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,697,507	\$ 1,062,394
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>		
Depreciation	90,612	54,326
(Increase) decrease in accounts receivable	(754,093)	37,432
Decrease in prepaid expense	10,161	18,913
Increase in accounts payable	88,591	19,453
(Decrease) increase in accrued salaries and benefits	(129,783)	70,547
Total adjustments	<u>(694,512)</u>	<u>200,671</u>
Net cash provided by operating activities	1,002,995	1,263,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for fixed assets	<u>(172,596)</u>	<u>(228,390)</u>
Net cash used in investing activities	(172,596)	(228,390)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	<u>(1,544,293)</u>	<u>(72,606)</u>
Net cash used in financing activities	(1,544,293)	(72,606)
(DECREASE) INCREASE IN CASH	(713,894)	962,069
CASH, BEGINNING OF YEAR	<u>1,545,562</u>	<u>583,493</u>
CASH, END OF YEAR	<u>\$ 831,668</u>	<u>\$ 1,545,562</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest - capitalized	\$ -	\$ 33,039
Cash paid for interest	85,740	61,828

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies

(a) Organization

Baton Rouge University Preparatory School, Inc. (the School) was approved as a Type 2 charter school by the Louisiana Board of Elementary and Secondary Education (BESE) on July, 1, 2017. The School first opened for Kindergarten students beginning with the 2014-2015 school year with an additional grade being added each year until the School reached the 5th grade in the 2019-2020 school year.

The charter contract was effective for an initial period of four years, through June 30, 2021, at which point was not renewed and the School has since operated under a new charter agreement under IDEA Public Schools (IDEA). See footnote 11 on subsequent events.

In June of 2017 a new entity, 7802 Howell, LLC, was formed with the School as the sole member and manager. The purpose of 7802 Howell, LLC was to act as a property holding company of property that the School had identified as the site that new school facilities would be constructed on. Both notes that were used to purchase the property are in the name of 7802 Howell, LLC.

All activity related to 7802 Howell, LLC has been consolidated with the activity from the School.

(b) Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP). The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The allocation calculation is primarily based on the student enrollment at the School and is recognized monthly when received.

Federal and state funds are passed through the Louisiana Department of Education. The School's federal grant funding is on a cost reimbursement basis and is recognized as earned once the expenditures have been incurred.

The School also receives revenue in the form of athletic activities revenues. These revenues are received from patrons attending school sponsored sporting events. These funds are used to help cover the cost of hosting these events and provide compensation for teachers, chaperons, referees, or other personnel required to officiate or supervise these activities.

The School receives private grant funding in the form of private grants from various entities. Grants with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The School does not have any activity that would give rise to variable consideration.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (continued)

(d) Net Assets

The School reports information regarding its financial positions and activities according to two classes of net assets.

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions. The School does not have any net assets with donor restrictions for the years ended June 30, 2021 & 2020, respectively.

(e) Cash and cash equivalents

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes.

(f) Accounts Receivable

Accounts receivable represent amounts due under federal and state grant programs as well as contributions. The grant programs are reimbursable in nature and revenue is recognized as a receivable once the expenditures are incurred. Contributions are recognized at estimated fair value when the donor makes a pledge to give when it is an unconditional promise. The School does not recognize a conditional promise to give until the conditions upon which the promise depends are substantially met.

(g) Functional Expenses

The School allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program, such as curriculum supplies, are allocated directly according to their natural expense classification. Other expenses that are attributable to both the program and general and administrative based on management's estimate of time, percentage, or square footage used, among other factors.

(h) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School files information returns in the U.S. federal jurisdiction. The School is not subject to U.S. federal income tax examinations by tax authorities beyond three years from the filing of those returns.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (continued)

(h) Income Taxes (continued)

782 Howell, LLC is a single member limited liability company that has elected to be treated as a disregarded entity. As such, 7802 Howell, LLC is not subject to federal income tax, but rather its income or loss inures to the School.

(i) Use of Estimates

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

2. Concentrations

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Cash amounts in excess of FDIC insured limits at June 30, 2021 and 2020 were \$581,918 and \$1,295,763, respectfully

The School receives the majority of its operating revenue from the Louisiana Department of Education in the form of Minimum Foundation program funding and federal reimbursable grants. The percentage of revenue and receivables from these sources in excess of 5% is as follows:

	<u>2021</u>	<u>2020</u>
Revenue		
Minimum Foundation Program	71%	81%
Federal grants	23%	11%
PPP income	N/A	7%
Receivables		
Federal Grants	99%	100%

3. Leases

The School has an agreement with Satellite Shelters, Inc. to provide large modular buildings on the land owned by the 7802 Howell, LLC. The lease payments under the new arrangement were \$21,925 per month for the year. The School plans has renewed the current lease for one year until the new school facilities are constructed. For the years ended June 30, 2021 and 2020, total lease expenses were \$235,540 and \$301,395, respectively.

4. Property and Equipment

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. The School capitalizes all expenditures of depreciable assets where cost exceeds \$500. Depreciation is computed using the straight line method and is provided over the estimated useful lives of the assets, which is generally three to five years.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020**

5. Compensated Absences

Employees earn paid time off based on various factors such as length of service and job title. Any unused paid time off is paid out at the end of the year and does not carry over to the following year.

6. Benefit Plan

The School maintains a 403(b) retirement plan for its employees. All employees who meet eligibility requirements related to age and length of service are eligible to participate in the plan. Employees may elect to defer a certain percentage of their total compensation, within limits established by the Internal Revenue Code. The School matches up to 3% of employee deferrals. For the years ended June 30, 2021 and 2020, the total amount paid by the School under the plan was \$7,165 and \$12,428, respectively.

7. CDSC and Hope Federal Credit Union Notes Payable

In July of 2017 7802 Howell LLC, an entity in which Baton Rouge University Preparatory Inc. exercises managing control over, has closed on two loans for the purchase and development of a piece property where new school facilities will be constructed. One loan was obtained from the Charter Schools Development Corporation (CSDC) while the other is from the Hope Federal Credit Union (HFCU). Both loans are collateralized by the property purchased in a prior year.

In 2021, Baton Rouge University Preparatory, Inc. informed both lenders that, as of June 30, 2021, it would no longer operate a school. Therefore, certain obligations related to future leases of the property would no longer be met. Both CSDC and HFCU agreed to modified terms which included a large principal payment to be made by December 15, 2020 with a loan payoffs to follow on or before June 30, 2021.

The real property will be held by Baton Rouge University Preparatory, Inc. until such time that IDEA Public Schools completes construction of new school facilities. At that time, the real property purchased with the loan funds will be sold and proceeds will be forwarded to BESE.

Interest expense for the years ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
CSDC	\$ 53,281	\$ 53,490
Hope Federal Credit Union	32,459	8,338
	<u>\$ 85,740</u>	<u>\$ 61,828</u>

8. Reclassification

Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020

9. Commitments and Contingencies

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grants will not result in any disallowed costs.

10. Liquidity and Availability of Financial Assets

The following reflects the School's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of a contractual or donor imposed restriction within one year of the statement of financial position date.

Financial Assets at Year End:	<u>2021</u>	<u>2020</u>
Cash	\$ 831,668	\$ 1,545,562
Accounts Receivable, net	781,826	27,733
Available Line of Credit	-	150,250
Financial Assets Available for General Expenditures	<u>\$ 1,613,494</u>	<u>\$ 1,723,545</u>

As part of the School's liquidity management, cash is kept in a checking account that can be accessed to meet daily needs of the organization. These funds can also be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

11. Subsequent Events

The School's charter with the BESE expired on June 30, 2021 and was not renewed. Subsequently, the School operates under a new charter as of July 1, 2021 under IDEA.

12. Risk and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, the School is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

**BATON ROUGE UNIVERSITY PREPARATORY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture			
Passed Through LA Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	<u>\$ 241,265</u>
Total Child Nutrition Cluster			<u>241,265</u>
Total Passed Through LA Department of Education			<u>241,265</u>
Total U.S. Department of Agriculture			241,265
U.S. Department of Education			
Passed Through LA Department of Education			
Special Education Grants to States	84.027	N/A	94,366
Title 1 Grants to Local Educational Agencies	84.010	N/A	212,583
Teacher and School Leader Incentive Grants	84.367	N/A	31,328
Education Stabilization Fund under CARES Act	84.425	N/A	<u>729,675</u>
Total Passed Through LA Department of Education			<u>1,067,952</u>
Total U.S. Department of Education			<u>1,067,952</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,309,217</u></u>

See accompanying notes to schedule of expenditures of federal awards.

BATON ROUGE UNIVERSITY PREPARATORY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal activity of Baton Rouge University Preparatory, Inc. (the School) under programs of the federal government for the year ended June 30, 2021. 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.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The School has elected not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

**BATON ROUGE UNIVERSITY PREPARATORY, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE SCHOOL LEADER
FOR THE YEAR ENDED JUNE 30, 2021**

School Leader	B. Blanchard
Salary	\$ 103,000
Benefits - insurance	13,333
Reimbursement	-
	<u>\$ 116,333</u>

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Baton Rouge University Preparatory, Inc. (a non-profit organization) which comprise the statement of financial position as of June 30, 2021, and the related statement 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 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baton Rouge University Preparatory Inc.'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 Baton Rouge University Preparatory Inc.'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 the 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 Baton Rouge University Preparatory Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Daigrepont & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepont & Brian, APAC
Baton Rouge, LA

November 30, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL

To the Board of Directors
Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

Report on Compliance for Each Major Federal Program

We have audited Baton Rouge University Preparatory Inc., compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Baton Rouge University Preparatory Inc.'s major federal programs for the year ended June 30, 2021. Baton Rouge University Preparatory's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 each of Baton Rouge University Preparatory Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Baton Rouge University Preparatory Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Baton Rouge University Preparatory Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion Baton Rouge University Preparatory Inc. 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 programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Baton Rouge University Preparatory Inc. 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 Baton Rouge University Preparatory Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major 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 Baton Rouge University Preparatory Inc.'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.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepoint & Brian, APAC
Baton Rouge, LA

November 30, 2021

**BATON ROUGE UNIVERSITY PREPARATORY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

We have audited the financial statements of Baton Rouge University Preparatory Inc., as of June 30, 2021, and for the year then ended, and have issued our report thereon dated November 30, 2021. 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 and the provisions of the Uniform Guidance. Our audit of the consolidated financial statements as of June 30, 2021 resulted in an unmodified opinion.

Summary of Auditors' Reports

A. Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund under CARES Act
Dollar threshold used to distinguish between Type A and Type	\$ 750,000
Is the auditee a 'low risk' auditee as defined by the Uniform	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control			
Material Weaknesses	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Significant Deficiencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Compliance with Provisions of Laws, Regulation, Contracts or Grant Agreements			
	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

C. Report on Each Major Federal Program and on Internal Control Over Compliance

Internal Control			
Material Weaknesses	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Significant Deficiencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Type of Opinion on Compliance for Each Major Program			
Education Stabilization Fund under CARES Act	Unmodified		
Are there findings required to be reported in accordance with			
	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

Findings - Financial Statement Audit

There are no findings for the year ended June 30, 2021.

Questioned Costs

There are no questioned costs for the year ended June 30, 2021.

PREPARATORY SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Summary of Prior Audit Findings

There were no prior year audit findings.

Summary of Prior Questioned Costs

There were no questioned cost for the year ended June 30, 2020.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Baton Rouge University Preparatory, Inc.
Baton Rouge, LA

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Baton Rouge University Preparatory, Inc. (a non-profit organization) and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Baton Rouge University Preparatory, Inc. for the fiscal year ended June 30, 2021; and to determine specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Baton Rouge University Preparatory, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

Procedure #1

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

- Total General Fund 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 #1

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

Class Size Characteristics (Schedule 2)

Procedure #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 1st roll books for those classes and determined if the class was properly classified on the Schedule.

Results of Procedure #2

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

Education Levels/Experience of Public School Staff (No Schedule)

Procedure #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.

Results of Procedure #3

No differences were noted between the PEP data information provided and the information in the personnel files.

Public School Staff Data: Average Salaries (No Schedule)

Procedure #4

We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalents, and obtained management's representation that the data/list was complete. We then selected 25 individuals, traced to 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 #4

No differences were noted between the salary information reported on the PEP data report provided by management and the supporting records.

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

This 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 Baton Rouge University Preparatory, Inc., as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepont & Brian
Baton Rouge, LA

November 30, 2021

BATON ROUGE UNIVERSITY PREPARATORY, INC.
BATON ROUGE, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2021

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 – Class Size Characteristics

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

**BATON ROUGE UNIVERSITY PREPARATORY, INC.
BATON ROUGE, LA**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2021**

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 723,851	
Other Instructional Staff Activities	10,919	
Instructional Staff Employee Benefits	195,853	
Purchased Professional and Technical Services	388,399	
Instructional Materials and Supplies	44,238	
Instructional Equipment	12,486	
Total Teacher and Student Interaction Activities		1,375,746
Pupil Support Activities	14,721	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		14,721
Instructional Staff Services	47,168	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		47,168
School Administration	220,577	
Less: Equipment for School Administration	-	
Net School Administration		220,577
Total General Fund Instructional Expenditures		\$ 1,658,211
Total General Fund Equipment Expenditures		\$ 12,486

**BATON ROUGE UNIVERSITY PREPARATORY, INC.
BATON ROUGE, LA**

**Class Size Characteristics
As of October 1, 2020**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	35%	48	60%	82	5%	6		
Elementary Activity Classes	24%	4	71%	12	5%	1		
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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.