

GEO PREP MID-CITY OF GREATER BATON ROUGE

FINANCIAL STATEMENTS

June 30, 2021 and 2020

GEO PREP MID-CITY OF GREATER BATON ROUGE

FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GEO Prep Mid-City of Greater Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of GEO Prep Mid-City of Greater Baton Rouge (the School), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 Mid-City of Greater Baton Rouge as of June 30, 2021 and 2020, 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 2016-02 – *Leases (Topic 958)*, for the year ended June 30, 2021. 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 23, 2021, 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 23, 2021

GEO PREP MID-CITY OF GREATER BATON ROUGE
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 2,547,674	\$ 2,099,125
Accounts receivable	54,481	14,256
Grants receivable	158,286	245,769
Prepaid expenses	137,878	113,659
Right of use asset (Note 4)	15,260,118	16,002,293
Property and equipment, net (Note 2)	<u>344,444</u>	<u>484,455</u>
Total assets	<u>\$ 18,502,881</u>	<u>\$ 18,959,557</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 637,689	\$ 443,572
Due to management company (Note 3)	22,702	9,138
Lease liability (Note 4)	<u>15,831,000</u>	<u>16,455,000</u>
Total liabilities	16,491,391	16,907,710
NET ASSETS		
Without donor restrictions	<u>2,011,490</u>	<u>2,051,847</u>
Total liabilities and net assets	<u>\$ 18,502,881</u>	<u>\$ 18,959,557</u>

See accompanying notes to financial statements.

GEO PREP MID-CITY OF GREATER BATON ROUGE
STATEMENTS OF ACTIVITIES
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and support		
State and local sources	\$ 8,200,661	\$ 8,387,874
Federal sources	1,262,386	2,385,976
Other revenue	109,494	33,548
Loss on disposal of property and equipment	<u>(5,727)</u>	<u>-</u>
Total revenues and support	9,566,814	10,807,398
Expenses		
Program services:		
Instructional	8,502,420	8,167,531
Supporting services:		
Management and general	<u>1,104,751</u>	<u>1,175,914</u>
Total expenses	<u>9,607,171</u>	<u>9,343,445</u>
Change in net assets	(40,357)	1,463,953
Net assets without donor restrictions, beginning of year	<u>2,051,847</u>	<u>587,894</u>
Net assets without donor restrictions, end of year	<u>\$ 2,011,490</u>	<u>\$ 2,051,847</u>

See accompanying notes to financial statements.

GEO PREP MID-CITY OF GREATER BATON ROUGE
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ (40,357)	\$ 1,463,953
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	169,107	109,335
Right of use amortization expense	742,175	725,700
Loss on disposal of property and equipment	5,727	-
Change in assets and liabilities:		
Accounts receivable	(40,225)	20,612
Grants receivable	87,483	(190,715)
Prepaid expenses	(24,219)	24,105
Accounts payable and accrued expenses	194,117	(34,234)
Due to management company	13,564	(1,517)
Lease liability	<u>(624,000)</u>	<u>(591,000)</u>
Net cash from operating activities	483,372	1,526,239
 Cash flows from investing activities		
Purchase of property and equipment	<u>(34,823)</u>	<u>(355,725)</u>
Net cash from investing activities	(34,823)	(355,725)
 Net change in cash and cash equivalents	448,549	1,170,514
 Cash and cash equivalents, beginning of year	<u>2,099,125</u>	<u>928,611</u>
 Cash and cash equivalents, end of year	<u>\$ 2,547,674</u>	<u>\$ 2,099,125</u>

See accompanying notes to financial statements.

GEO PREP MID-CITY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The GEO Prep Mid-City of Greater Baton Rouge (the "School") is a nonprofit organization established in 2017 for the purpose of operating a charter school located in Baton Rouge, Louisiana. The School is a free public charter school serving students from kindergarten through 8th grade and is committed 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 2017. 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, 2021 and 2020.

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.

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.

Allowances: No allowance for doubtful accounts is recorded as of June 30, 2021 and 2020. 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.

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GEO PREP MID-CITY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	10-39 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, 2021 and 2020, 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 assets 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, 2021 and 2020. 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, 2021 and 2020.

Public Support and Revenue: Support funded by grants is recognized as the School satisfies the related conditions under various grant agreements. Grant revenue is typically recognized as eligible expenses are incurred or as eligible students are served. 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 86% and 78% of total public support and revenue for the years ended June 30, 2021 and 2020, respectively.

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GEO PREP MID-CITY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants and contracts are generally subject to conditions that have a barrier and a right of return that must be met before the School is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. 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, 2021 and 2020.

Recently Adopted Accounting Guidance: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU has superseded the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The School applied the amendments in this ASU during the year ended June 30, 2021, using the full retrospective method but was not materially impacted by the ASU and as a result, no cumulative effect adjustment was recorded upon adoption.

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, “Leases” (Topic 842). Under the standard, an entity is required to recognize lease assets and lease liabilities on the statement of financial position. The ASU also requires additional disclosure, both quantitative and qualitative, including pertinent information about the leasing arrangement, and the amount, timing, and uncertainty of cash flows arising from leases. The School elected the exemption of short-term leases that are 12 months or less in addition to certain practical expedients permitted under the transition guidance. The School early adopted the ASU for its fiscal year ended June 30, 2021 which has been applied retrospectively for all periods presented. As a result of implementation, assets and liabilities increased by the amount of the present value of lease payments remaining.

	<u>As Reported</u>	<u>2020 ASU 2016-02 Adjustments</u>	<u>Revised</u>
ASSETS			
Right of use asset	\$ -	\$ 16,002,293	\$ 16,002,293
LIABILITIES			
Deferred rent liability	452,707	(452,707)	-
Lease liability	-	16,455,000	16,455,000
TOTAL NET ASSETS	2,051,847	-	2,051,847

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2021. Management has performed their analysis through December 23, 2021, the date the financial statements were available to be issued.

(Continued)

GEO PREP MID-CITY OF GREATER BATON ROUGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 2 - PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Computers and equipment	\$ 637,298	\$ 617,560
Leasehold improvements	65,484	65,484
Less: accumulated depreciation	<u>(358,338)</u>	<u>(198,589)</u>
	<u>\$ 344,444</u>	<u>\$ 484,455</u>

Depreciation expense was \$169,107 and \$109,335 for the years ended June 30, 2021 and 2020, respectively.

NOTE 3 - MANAGEMENT AGREEMENT

In accordance with a management agreement, 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 \$827,900 and \$763,413 for the years ended June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, the School has a payable to GEO Foundation in the amount of \$22,702 and \$9,138, respectively, for reimbursement of management services.

NOTE 4 - LEASES

In 2017, the School entered into a building lease agreement through 2037. The operating lease arrangement includes annual rent escalators. The School has recognized a right of use asset of \$15,260,118 and \$16,002,293, respectively, and a lease liability of \$15,831,000 and \$16,455,000, respectively, on the statements of financial position as of June 30, 2021, and 2020. The School utilized the 20-year Treasury rate to determine the net present value of the lease liability which approximated 3.00% at lease inception. In accordance with GAAP, the School recognizes rent expense on a straight-line basis. Total rent expense totaled \$1,302,321 and \$1,307,515 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under operating leases at June 30, 2021, are as follows:

2022	\$ 1,135,032
2023	1,152,060
2024	1,169,340
2025	1,186,872
2026	1,204,681
Thereafter	<u>14,505,812</u>
Total minimum lease payments	20,353,797
Present value discount	<u>(4,522,797)</u>
Lease liability	<u>\$ 15,831,000</u>

(Continued)

GEO PREP MID-CITY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 \$113,584 and \$102,869 for the years ended June 30, 2021 and 2020, 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 tables below present these functional expenses by their natural classification for the years ended June 30, 2021 and 2020.

	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
<u>2021</u>			
Salaries	\$ 4,218,694	\$ -	\$ 4,218,694
Purchased property services	1,518,642	96,935	1,615,577
Professional purchased services	350,099	827,900	1,177,999
Employee benefits	922,363	-	922,363
Food service	330,170	-	330,170
Utilities	104,255	6,655	110,910
Materials and supplies	255,353	-	255,353
Marketing	-	31,108	31,108
Insurance	70,608	4,507	75,115
Textbooks, books, workbooks, periodicals	141,953	-	141,953
Transportation services	346,414	-	346,414
Other purchased services	84,908	127,361	212,269
Other	-	139	139
Depreciation expense	<u>158,961</u>	<u>10,146</u>	<u>169,107</u>
Total expenses	<u>\$ 8,502,420</u>	<u>\$ 1,104,751</u>	<u>\$ 9,607,171</u>
<u>2020</u>			
Salaries	\$ 4,243,898	\$ -	\$ 4,243,898
Purchased property services	1,421,902	90,760	1,512,662
Professional purchased services	303,238	763,413	1,066,651
Employee benefits	835,640	-	835,640
Food service	527,698	-	527,698
Utilities	84,145	5,371	89,516
Materials and supplies	97,624	6,231	103,855
Marketing	-	10,191	10,191
Insurance	60,729	10,717	71,446
Textbooks, books, workbooks, periodicals	165,472	-	165,472
Transportation services	323,317	-	323,317
Other purchased services	-	268,177	268,177
Other	-	15,587	15,587
Depreciation expense	<u>103,868</u>	<u>5,467</u>	<u>109,335</u>
Total expenses	<u>\$ 8,167,531</u>	<u>\$ 1,175,914</u>	<u>\$ 9,343,445</u>

(Continued)

GEO PREP MID-CITY OF GREATER BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,547,674	\$ 2,099,125
Accounts receivable	54,481	14,256
Grants receivable	<u>158,286</u>	<u>245,769</u>
 Total financial assets	 <u>\$ 2,760,441</u>	 <u>\$ 2,359,150</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 a Paycheck Protection Program (PPP) Loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$900,000. The School is accounting for the PPP Loan 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 funds and recorded federal grant revenue of \$900,000 during the year ended June 30, 2020. The School applied for forgiveness and received notification of full forgiveness on February 2, 2021.

In fiscal year 2020, the School was awarded an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$409,482, of which \$177,109 and \$223,456, respectively, was recognized as federal grant revenue during the year ended June 30, 2021 and 2020.

In fiscal year 2021, the School received additional allocations of Elementary and Secondary School Emergency Relief through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan Act (ARP) totaling \$543,726 and \$488,453, respectively, of which \$12,494 was recognized as federal grant revenue during the year ended June 30, 2021.

All remaining grant funds that have not yet been recognized are considered conditional and will be recognized as revenue when eligible expenses are incurred in fiscal year 2022.

SUPPLEMENTARY INFORMATION

GEO PREP MID-CITY OF GREATER BATON ROUGE
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE AGENCY HEAD
Year ended June 30, 2021

Agency Head Name: Christina Kelly

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 85,000
Benefits- insurance	-
Benefits-retirement	5,100
Benefits-FICA and Medicare	6,370
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<hr/>
Total	<u>\$ 96,470</u>

UNIFORM GUIDANCE REPORTING PACKAGE

GEO PREP MID-CITY OF GREATER BATON ROUGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Pass through the Louisiana Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2020-2021	\$ 110,380
National School Lunch Program	10.555	FY 2020-2021	<u>253,075</u>
Total Child Nutrition Cluster			363,455
 Child and Adult Care Food Program	 10.558	 FY 2020-2021	 <u>47,557</u>
 Total U.S. Department of Agriculture			 <u>411,012</u>
 <u>U.S. Department of Education</u>			
<i>Passed through the Louisiana Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	FY 2020-2021	477,431
Special Education Grants to States	84.027A	FY 2020-2021	163,890
COVID-19 - Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	FY 2020-2021	177,109
Real-Time Early Access to Literacy	84.425	FY 2020-2021	<u>12,494</u>
Total Education Stabilization Fund			<u>189,603</u>
 Total U.S. Department of Education			 <u>830,924</u>
 Total expenditures of federal awards			 <u>\$ 1,241,936</u>

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

GEO PREP MID-CITY OF GREATER BATON ROUGE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

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, 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.

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 Mid-City 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 Mid-City of Greater Baton Rouge (the School), which comprise the statement of financial position as of June 30, 2021, 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 23, 2021.

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.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 23, 2021

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

The Board of Directors
GEO Prep Mid-City of Greater Baton Rouge
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited GEO Prep Mid-City 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 each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School'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 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 each 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 each of its major federal programs for the year ended June 30, 2021.

(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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 23, 2021

GEO PREP MID-CITY OF GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

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 No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes 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 No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies
84.425D, 84.425	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes 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 Mid-City of Greater Baton Rouge
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2021; and 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.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

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 one instance for activity related classes in the 21-26 class size range in which the class was improperly included in the schedule. We also noted four instances for regular classes in the 21-26 class size range in which the classes were improperly excluded from the schedule. 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.

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 one instance 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.

* * *

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

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

This report is intended solely 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

Crowe LLP

Indianapolis, Indiana
December 23, 2021

GEO PREP MID-CITY 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, 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 (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 MID-CITY OF GREATER BATON ROUGE
 SCHEDULE 1: GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
 AND CERTAIN LOCAL REVENUE SOURCES
 Year ended June 30, 2021
 (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	\$ 1,747,223	
Other instructional staff activities	976,845	
Instructional staff employee benefits	706,452	
Purchased professional and technical services	89,303	
Instructional materials and supplies	268,444	
Instructional equipment	-	
Total teacher and student interaction activities	-	\$ 3,788,267
Other instructional activities		85,244
Pupil support activities	\$ 68,840	
Less: equipment for pupil support activities	-	
Net pupil support activities		68,840
Instructional staff services	795	
Less: equipment for instructional staff services	-	
Net instructional staff services		795
School administration	\$ 1,435,831	
Less: equipment for school administration	-	
Net school administration		1,435,831
Total general fund instructional expenditures (total of column B)		\$ 5,378,182
Total general fund equipment expenditures		\$ -

Certain local revenue sources

This section is not applicable to GEO Prep Mid-City of Greater Baton Rouge.

GEO PREP MID-CITY OF GREATER BATON ROUGE
 SCHEDULE 2: CLASS SIZE CHARACTERISTICS

As of October 1, 2020

(Unaudited)

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary Activity Classes	22%	5	78%	18	0%	0	0%	0
Elementary	18%	38	82%	169	0%	0	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.