
ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
Advocates for Academic Excellence in Education, Inc. and
Affiliate d/b/a Benjamin Franklin High School
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School (the School) which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditors' 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 School's preparation and fair presentation of the consolidated 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 School'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 on the previous page present fairly, in all material respects, the consolidated financial position of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the consolidated financial statements, the 2020 consolidated financial statements have been restated to correct an error in grants receivable and federal grants revenue. This error resulted in an overstatement of net assets without donor restrictions of approximately \$290,000 as of June 30, 2020.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of board of directors and schedule of compensation, benefits, and other payments to agency head or chief executive officer 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, included as Schedules 1 and 2, is not a required part of the basic consolidated financial statements, but is supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the independent accountants' report on applying agreed-upon procedures, on pages 22 and 23. However, such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, 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 solely 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.

Postlethwaite & Netterville

Metairie, Louisiana
February 25, 2022

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 6,435,061
Promises to give	31,719
Prepaid expenses	<u>56,863</u>
 Total current assets	 <u>6,523,643</u>

FIXED ASSETS

Property and equipment, net	<u>1,303,148</u>
 Total assets	 <u>\$ 7,826,791</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 344,822
Accrued expenses	<u>254,166</u>
 Total current liabilities	 <u>598,988</u>

NET ASSETS

Without donor restrictions	6,038,738
With donor restrictions	<u>1,189,065</u>
 Total net assets	 <u>7,227,803</u>
 Total liabilities and net assets	 <u>\$ 7,826,791</u>

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

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
State and local public school funding	\$ 9,686,709	\$ -	\$ 9,686,709
Grants			
Federal grants	74,477	-	74,477
Other state grants	-	21,356	21,356
Contributions and donations	251,071	662,828	913,899
In-kind donations	70,142	-	70,142
Student class and course fees	333,522	-	333,522
Student activity fees	178,285	-	178,285
Interest income	9,741	-	9,741
Miscellaneous revenue	34,137	-	34,137
Net assets released from restrictions	349,032	(349,032)	-
	<u>10,987,116</u>	<u>335,152</u>	<u>11,322,268</u>
Expenses:			
Program services			
Student instruction and activities	9,117,119	-	9,117,119
Support services:			
Management and general	1,866,297	-	1,866,297
Fundraising	216,604	-	216,604
Total support services	<u>2,082,901</u>	<u>-</u>	<u>2,082,901</u>
	<u>11,200,020</u>	<u>-</u>	<u>11,200,020</u>
Change in net assets	(212,904)	335,152	122,248
<u>NET ASSETS AT BEGINNING OF YEAR (RESTATED)</u>	<u>6,251,642</u>	<u>853,913</u>	<u>7,105,555</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 6,038,738</u>	<u>\$ 1,189,065</u>	<u>\$ 7,227,803</u>

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

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program</u>	<u>Support</u>		<u>Total</u>
		<u>Management & General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 5,188,183	\$ 990,150	\$ 130,388	\$ 6,308,721
Employee benefits	1,970,011	375,971	49,510	2,395,492
Materials and supplies	398,816	132,939	8,546	540,301
Professional services	243,431	81,144	12,437	337,012
Repairs and maintenance services	344,408	114,803	-	459,211
Student activities	85,599	-	-	85,599
Insurance	80,267	26,756	-	107,023
Admin fees	191,576	-	-	191,576
Utilities	108,438	36,146	-	144,584
Communications	78,213	26,071	-	104,284
Textbooks and workbooks	161,510	-	-	161,510
Depreciation expense	70,125	23,375	-	93,500
Dues and fees	35,298	35,298	238	70,834
Building lease	59,174	-	-	59,174
Technology	48,667	16,222	-	64,889
Meal/travel	7,559	2,520	1,250	11,329
Printing	12,474	4,158	1,160	17,792
Student transportation	3,125	-	-	3,125
Advertising	9,471	498	7,463	17,432
Food services	16,093	-	-	16,093
Other expenses	4,681	246	5,612	10,539
Total expenses	\$ 9,117,119	\$ 1,866,297	\$ 216,604	\$ 11,200,020

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

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	122,248
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense		93,500
Decrease in assets		
Promises to give		26,231
Prepaid expenses		28,858
Increase (decrease) in liabilities		
Accounts payable		(83,341)
Accrued expenses		6,291
Refundable advance		(74,477)
		119,310

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment		(460,905)
		(460,905)
Net decrease in cash		(341,595)
Cash, beginning of year		6,776,656
Cash, end of year	\$	6,435,061

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

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Advocates for Academic Excellence in Education, Inc., (AAEE, Inc.) which governs Benjamin Franklin High School (the School), incorporated on October 25, 2005. The School opened in 1957 as a magnet high school under Orleans Parish School Board (OPSB). In January 2006, the School became a charter school, maintaining its admission requirements, under the governance of AAEE, Inc. and OPSB as the Local Education Authority (LEA). On May 10, 2017, the School amended its operating agreement with OPSB so that, effective July 1, 2017, the School began to operate as its own LEA. The School's mission is to prepare students of high academic achievement to be successful in life. The School provides student instruction and activities programs.

Friends of Franklin (Friends), a nonprofit corporation organized on a non-stock basis, was incorporated in December 2018 as a supporting organization for the benefit of AAEE, Inc. and the School.

OPSB approved the granting of a charter to the School effective June 21, 2011 for a period ending on June 30, 2021, to operate a Type 3 charter school, as defined in Louisiana Revised Statute 17:3973(3)(b). On December 8, 2020, the OPSB voted to renew the charter for a period of 10 years, expiring on June 30, 2031.

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

Consolidated Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of AAEE, Inc, and its affiliate, Friends. AAEE, Inc. has controlling financial interest through direct ownership of a majority voting interest in Friends and has an economic interest in Friends. Furthermore, Friends and AAEE, Inc. entered into a memorandum of understanding (MOU) on May 14, 2020, which was superseded by a cooperative endeavor agreement (CEA) on October 15, 2020. The CEA defines the relationship between Friends and AAEE, Inc. Significant intercompany transactions and balances have been eliminated in the consolidation. Friends had no activity during the year ended June 30, 2021 and had no statement of financial position as of June 30, 2021.

Basis of Accounting and Presentation of Net Assets

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. The consolidated financial statements of the School are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), whereby revenues are recognized when earned and expenses are recognized when incurred.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation of Net Assets (continued)

The School reports information regarding its consolidated financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

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

Cash and Cash Equivalents

Cash balances represent cash available for general operating purposes and amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. For purposes of the statement of cash flows, the School classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. For the year ended June 30, 2021, the School did not have any cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises are recorded net of an allowance for doubtful pledges estimated by management. As of June 30, 2021, management believes that all promises to give are fully collectible. Promises to give are due within one year.

Property and Equipment

Property and equipment are stated at cost. Repairs and maintenance are charged to expense as incurred. Major additions to physical plant and facilities and betterments with a purchased cost greater than \$5,000 are capitalized. Property and equipment donated to the School are capitalized at the fair market value at the date donated. Depreciation is provided utilizing the straight-line method over estimated useful lives of the assets.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

The School provides compensated absences in the form of Personal Time Off and Family Leave. All ten-month employees are provided ten days of paid leave per year to be used for illness or personal leave. All eleven-month employees receive eleven days of paid leave for illness or personal leave. All twelve-month employees receive ten days of paid leave for illness or personal leave and fifteen vacation days. Family Leave is provided when an employee qualifies for leave under the Family Medical Leave Act. The employee shall be eligible to receive 60% of their regular pay for a period of up to two weeks per the rolling period specified by the School's policy. Personal time off is allocated July 1st of each year and is available through June 30th of the following year. Employees are able to bank five unused days from year to year, up to a maximum of ten days. Any remaining time is reported to the Teachers' Retirement System of Louisiana for service credit calculation purposes at retirement.

All other employees receive the same provisions for compensated absences as those under the collective bargaining agreement (CBA), with the exception of the executive cabinet members, who receive twenty vacation days. Compensated absences and the related benefits accrued as of June 30, 2021, totaled \$235,493, which are included in accrued expenses on the consolidated statement of financial position.

Revenues, Grants, and Other Support

State and Local Public School Funding

The School's primary source of funding is through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year.

Federal and Other State Grants

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

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

In-Kind Donations

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was \$70,142 for the year ended June 30, 2021 and included donations of classroom and building improvements, laptops and other computer equipment, musical instruments, books, vacations to be raffled, registration for academic related competitions, and other items.

Other Income

Revenue from other sources, including student activity fees, class fees, course fees, fundraisers, and student meals are recorded and recognized as revenue in the period in which the School provides the service at the amount that reflects the consideration to which the School expects to be entitled for providing the service or good, typically in the period received.

Contracts vs. Contributions

The School follows GAAP in their assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the School. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the school year, which is simultaneous with the fiscal year. The School believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to student activity fees, class fees, and course fees. The School measures the performance obligation throughout the school year. Revenue from performance obligations satisfied at a point in time, which include mainly income from meals and are generally immaterial, are recognized when services are provided. The School determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The payroll expenses that are allocated are allocated based on management's estimate of periodic time and expense evaluations. The allocated non-payroll expenses are allocated based on management's knowledge that roughly 75% of the operations can be attributed to providing an education to the students enrolled. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School. Expenses allocated during the year ended June 30, 2021 include salaries, employee benefits, payroll tax expense, repairs and maintenance, utilities, advertising, communications, technology, printing, insurance, and depreciation.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals in a subsequent year.

Advertising

Advertising costs, which are included in program expenses, fundraising expenses, and general and administrative expenses, are expensed as incurred.

Income Taxes

The School is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The School believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Reversionary Interest in Funds and Assets

All funds received from the Louisiana Department of Education (LDOE), United States Department of Education (USDOE), or other state or federal agency are funds earned by the School to be used for the purpose for which they were acquired. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds. Should the charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

Recent Accounting Pronouncements - Not Yet Adopted

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB requires the new standard to be applied retrospectively, with amendments taking effect for the School's year ending June 30, 2022. Management is currently assessing the impact of this pronouncement on its consolidated financial statements.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements - Not Yet Adopted (continued)

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for the School's year ending June 30, 2023. Management is currently assessing the impact this pronouncement on its consolidated financial statements.

2. Liquidity and Availability

The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of cash of \$6,435,061 as of June 30, 2021.

3. Property and Equipment

Property and equipment consist of the following as of June 30, 2021:

Building and building improvements	\$	960,274
Machinery and equipment		279,187
Site improvements		<u>659,290</u>
		1,898,751
Less: accumulated depreciation		<u>(595,603)</u>
Property and equipment, net	\$	<u><u>1,303,148</u></u>

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School or are subject to the passage of time. These restrictions are considered to expire when payments for restricted purposes are made or by occurrence of the passage of time, unless perpetually restricted. Net assets with donor restrictions as of June 30, 2021 are available for the following purposes:

Restricted for purpose:

Athletics	\$	306,905
Class reunion gifts		171,548
Scholarship		91,010
After school activities		77,282
Academics		88,485
STEAM building		50,000
Library		17,761
Guidance		5,522
Auditorium		3,088
Building maintenance		943
Professional development		40
Promises to give, the proceeds from which have been restricted by donors for:		
Athletics		5,500
Scholarship		25,000
Restricted in perpetuity:		
Perpetual endowment		<u>345,981</u>
Total	\$	<u><u>1,189,065</u></u>

As discussed in Note 5, perpetually restricted net assets of \$345,981 as of June 30, 2021 relate to an operating endowment to be held in perpetuity. The income from endowment investments is expendable for operations.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2021:

Athletics	\$	73,305
Scholarship		250,737
After school activities		20,653
Academics		4,292
Guidance		<u>45</u>
Total	\$	<u><u>349,032</u></u>

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Endowment Fund

The Endowment

The School's endowment fund (the Endowment) was established primarily for the purpose of maintaining the School and consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The School accounts for donor-restricted funds consistent with the provisions of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Louisiana.

The School's Board of Directors seek to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the School retains in perpetuity (a) the original value of initial and subsequent gifts donated to the Endowment, and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the School and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the School; and
- The investment policies of the School.

Endowment net assets were composed of \$345,981 of donor-restricted funds as of June 30, 2021. Changes in endowment net assets for the year ended June 30, 2021 were as follows:

	<u>With Donor Restrictions</u>
Net assets, beginning of year	\$ 145,981
Contributions	<u>200,000</u>
Net assets, end of year	<u><u>\$ 345,981</u></u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the School to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations. There were no such deficiencies as of June 30, 2021.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Endowment Fund (continued)

Return Objectives and Risk Parameters

Upon accumulating \$500,000 in contributions in the endowment fund, the endowment will be invested with the intention of obtaining general market returns with a minimum amount of investment and management expenses. Until such accumulation occurs, the endowment is invested to maintain preservation of principal.

Strategies Employed for Achieving Objectives

The endowment funds are invested in an interest-bearing savings account.

Spending Policy and How Investment Objectives Relate to the Spending Policy

Spending of interest earned by the endowment funds will be generally related to the operation of the School.

6. Retirement Plan

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401 (a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123. At June 30, 2021, the TRSL was 71.8% funded.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

For the year ended June 30, 2021, participants were required to contribute 8% of their annual covered payroll to the plan and the School was required to contribute 26.0% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement System's Actuarial Committee. For the year ended June 30, 2021, the School's contributions to this plan totaled \$1,540,583.

7. Union Contracts

On May 15, 2014, the Board of Directors voted to voluntarily recognize the United Teachers of New Orleans, Local 527, LFT, AFT, AFL-CIO (the Union) as the exclusive bargaining representative for the purpose of negotiating a collective bargaining agreement (CBA) under a voluntary recognition agreement to be negotiated by the board president and subject to board approval. On March 19, 2015, the School's Board and the Union finalized the CBA with an initial three-year term including the June 30, 2015 fiscal year and ending June 30, 2017. On September 29, 2017, the School's Board and the Union entered into an updated CBA expiring on June 30, 2021. On August 18, 2021, the School's Board and the Union entered into an updated CBA expiring on June 30, 2025.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Union Contracts (continued)

As part of the CBA, the School is required to provide certain compensation and benefits to eligible bargaining unit employees, including:

- A salary that is determined using a salary scale approved by the Union and based on years of relevant experience and level of education;
- Provisions for personal leave days as compensated absences (Note 1);
- Continuing to pay 80% of the premium costs for medical, dental, and vision coverage; and
- Continuing to provide retirement benefits through TRSL or as provided by applicable law.

8. School Operations / Leasehold Interest

Effective January 1, 2006, the School entered into an agreement with the OPSB, which allows the School to use the facilities and its contents located at 2001 Leon C. Simon Boulevard or any other locations as may be approved by the School and the OPSB. On June 21, 2011, the OPSB voted to renew the agreement for a period of ten years through June 30, 2021. On December 8, 2020, the OPSB voted again to renew the agreement for a period of ten years through June 30, 2031.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. If capital improvements are made by the School with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the OPSB at the time this agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

Use of the property is not recorded as an in-kind contribution from the OPSB, nor as a related rent expense. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

The School entered into a separate lease agreement with the University of New Orleans (UNO), a related party, for additional classroom space. UNO is considered a related party as the president of UNO is a board member for the School. On August 1, 2021, the lease was extended through July 31, 2022. The lease requires monthly payments of \$4,931 during the lease period. Future minimum lease payments under this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 59,172
2023	4,931
Total	\$ <u>64,103</u>

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Concentrations of Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be recovered. The School periodically maintains cash in bank accounts in excess of insured limits. However, the School has a written policy for custodial credit risk requiring collateralization of uninsured cash deposits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of its cash management practices.

The School received a substantial amount of its revenue through grants awarded by the federal, state, and local governments for the year ended June 30, 2021, which totaled \$9,782,542, or 86%, of total revenue.

All students of the School live within Orleans Parish and employees live within the Greater New Orleans area.

10. Risks, Uncertainties, and Risk Management

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee/student injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2021.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the School operates.

While it is unknown how long these conditions will last and what the complete financial effect will be to the School, at this time, the School is experiencing moderate disruptions, including conversions to digital learning options, additional costs related to sanitization and technology supplies, and the temporary suspension of after school programs and other events.

The School's concentrations due to significant state and federal funding make it reasonably possible that the School is vulnerable to the risk of a near-term significant impact. Additionally, it is reasonably possible that estimates made in the consolidated financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Paycheck Protection Program (PPP) Loan

During the year ended June 30, 2020, the School applied for and was approved for a \$1,620,800 loan under the Paycheck Protection Program (PPP) administered by the Small Business Administration as part of the relief efforts related to the coronavirus outbreak. The School was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized. The School recognized \$1,546,323 of the loan as federal grant income, which was recorded on the consolidated statement of activities and changes in net assets for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures. The remaining \$74,477 was recognized as a refundable advance, which was recorded on the consolidated statement of financial position at June 30, 2020. This amount was subsequently recognized as federal grant income, which is recorded on the statement of activities and changes in net assets for the year ended June 30, 2021, having met the conditions for forgiveness by incurring eligible expenditures. The School received notice of forgiveness in the full amount of the loan during August 2021.

12. Restatement

During 2021, the School concluded that certain amounts which has been recorded as grants receivable and federal grants revenue during the year ended June 30, 2020, should not have been recorded. The error resulted in an overstatement of net assets without donor restrictions in the June 30, 2020 consolidated financial statements. The effects of the restatement on the consolidated financial statements as of and for the year ended June 30, 2020 are summarized below:

	As previously presented	Adjustment	Restated
Grants receivable, June 30, 2020	\$ 290,983	\$ (290,983)	\$ -
Federal grants revenue, year ended June 30, 2020	\$ 1,698,137	\$ (290,983)	\$ 1,407,154
Change in net assets, year ended June 30, 2020	\$ 1,623,921	\$ (290,983)	\$ 1,332,938
Net assets without donor restrictions, June 30, 2020	\$ 6,542,625	\$ (290,983)	\$ 6,251,642

13. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, February 25, 2022, and determined that no events occurred that require disclosure.

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

SUPPLEMENTARY INFORMATION

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
SCHEDULE OF BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2021

<u>Board Members</u>	<u>Compensation</u>
Mr. Sean A. Blondell, Secretary	\$ -
Mrs. Jill E. Condon	\$ -
Mrs. Alea M. Cot, President	\$ -
Mrs. Charmaine Cooper Hussain	\$ -
Mrs. Stacy Deitelzweig	\$ -
Mrs. Angele DeLarge	\$ -
Mr. Richard M. Ireland, Treasurer	\$ -
Mrs. Dominique Lang	\$ -
Mrs. Tandra LeMay	\$ -
Mr. Jonathan L. Levy	\$ -
Mr. Allen Miller	\$ -
Dr. John W. Nicklow	\$ -
Mr. Todd Ragusa	\$ -
Mr. Allen Square Jr.	\$ -
Mr. Mitchell Turnbough	\$ -
Mr. Steven Tyler	\$ -
Mr. Min Yang	\$ -

See independent auditors' report.

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
SCDCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2021

Agency Head:

Dr. Patrick Widhalm, Principal

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 177,675
Benefits - Retirement	\$ 45,855
Benefits - Insurance	\$ 7,580

See independent auditors' report.

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors of Advocates for Academic Excellence in Education, Inc. d/b/a Benjamin Franklin High School, the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual consolidated financial statements of Advocates for Academic Excellence in Education, Inc. d/b/a Benjamin Franklin High School (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 consolidated 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.

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 sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures 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 (no revenue reported),
 - Total Local Earnings on Investment in Real Property (no revenue reported),
 - Total State Revenue in Lieu of Taxes (no revenue reported),
 - Nonpublic Textbook Revenue (no revenue reported), and
 - Nonpublic Transportation Revenue (no revenue reported).

We noted no exceptions.

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 sample of 10 classes to the October 1, 2020 roll books for those classes and observed that the class was properly classified on the schedule.

We noted no exceptions.

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

3. We obtained October 1, 2020 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

We noted no exceptions.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30, 2021 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

We noted three exceptions where an individual's salary as recorded within the PEP data did not agree to the approved salary per the individual's personnel file.

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 consolidated 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.

Postlethwaite & Netterville

Metairie, Louisiana
February 25, 2022

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
SCDHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)
YEAR ENDED JUNE 30, 2021

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2021**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures		
Teacher and student interaction activities		
Classroom teacher salaries	\$ 2,536,034	
Other instructional staff salaries	138,513	
Instructional staff employee benefits	2,066,553	
Purchased professional and technical services	142,535	
Instructional materials and supplies	429,259	
Instructional equipment	<u>22,143</u>	
		\$ 5,335,037
Total teacher and student interaction activities		
		\$ 80,451
Other instructional activities		
	2,482,367	
Pupil support services	<u>378,481</u>	
Less: Equipment for instructional pupil support services		2,103,886
Net pupil support services		
Instructional staff services	110,656	
Less: Equipment for instructional staff services	<u>1,291</u>	
Net instructional staff services		109,365
School administration	1,574,512	
Less: Equipment for school administration	<u>-</u>	
Net school administration		<u>1,574,512</u>
Total general fund instructional expenditures		\$ 9,203,251
Total general fund equipment expenditures		<u>\$ 401,915</u>

Prepared by Advocates for Academic Excellence in Education, Inc.

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

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
SCDHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)
YEAR ENDED JUNE 30, 2021

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	0%	0	0%	0	0%	0	0%	0
Elementary Activity Class	0%	0	0%	0	0%	0	0%	0
Middle High	0%	0	0%	0	0%	0	0%	0
Middle High Activity Class	0%	0	0%	0	0%	0	0%	0
High	45%	141	52%	164	3%	11	0%	0
High Activity Classes	38%	30	31%	24	17%	13	14%	11
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Class	0%	0	0%	0	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.

Prepared by Advocates for Academic Excellence in Education, Inc.

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

**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**

To the Board of Directors,
Advocates for Academic Excellence in Education, Inc.
and Affiliate d/b/a Benjamin Franklin High School

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 consolidated financial statements of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School (the School), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schools 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 School's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated 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 consolidated 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
February 25, 2022

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weakness? | None |
| c. Noncompliance noted? | None |

Section II. Internal Control Over Financial Reporting

None

Section III. Compliance and Other Matters

None

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL

SCHEDULE OF PRIOR YEAR FINDINGS

Section II. Internal Control Over Financial Reporting

None

Section III. Compliance and Other Matters

None