

GEO NEXT GENERATION HIGH SCHOOL, INC.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

GEO NEXT GENERATION HIGH SCHOOL, INC.

FINANCIAL STATEMENTS
June 30, 2021 and 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION	
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD	12
REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS	
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	13
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)	
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	15
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA).....	18
SCHEDULE 1: GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES FOR THE YEAR ENDED JUNE 30, 2021	19
SCHEDULE 2: CLASS SIZE CHARACTERISTICS.....	20

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GEO Next Generation High School, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of GEO Next Generation High School, Inc. (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 Next Generation High School, Inc. 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.

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 is presented for purposes of additional analysis and is 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 NEXT GENERATION HIGH SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 293,541	\$ 70,242
Accounts receivable	5,925	118,215
Grants receivable	97,428	108,340
Due from management company (Note 3)	-	21,117
Prepaid expenses	29,962	1,451
Property and equipment, net (Note 2)	<u>295,221</u>	<u>83,836</u>
Total assets	<u>\$ 722,077</u>	<u>\$ 403,201</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 159,470	\$ 104,421
Deferred rent	377,806	-
Due to management company (Note 3)	<u>342,025</u>	<u>145,809</u>
Total liabilities	879,301	250,230
NET ASSETS		
Without donor restrictions	<u>(157,224)</u>	<u>152,971</u>
Total liabilities and net assets	<u>\$ 722,077</u>	<u>\$ 403,201</u>

See accompanying notes to financial statements.

GEO NEXT GENERATION HIGH SCHOOL, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and support		
State and local sources	\$ 2,495,635	\$ 1,096,983
Federal sources	278,444	294,870
Contributions and grants	54,640	238,464
Other revenue	<u>38,691</u>	<u>1,432</u>
Total revenue and support	<u>2,867,410</u>	<u>1,631,749</u>
Expenses		
Program services:		
Instructional	2,747,757	1,179,750
Supporting services:		
Management and general	<u>429,848</u>	<u>299,028</u>
Total expenses	<u>3,177,605</u>	<u>1,478,778</u>
Change in net assets	(310,195)	152,971
Net assets without donor restrictions, beginning of year	<u>152,971</u>	<u>-</u>
Net assets without donor restrictions, end of year	<u>\$ (157,224)</u>	<u>\$ 152,971</u>

See accompanying notes to financial statements.

GEO NEXT GENERATION HIGH SCHOOL, INC.
 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	\$ (310,195)	\$ 152,971
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	77,946	11,659
Change in assets and liabilities:		
Accounts receivable	112,290	(118,215)
Grants receivable	10,912	(108,340)
Prepaid expenses	(28,511)	(1,451)
Accounts payable and accrued expenses	55,049	104,421
Deferred rent	377,806	-
Due to/from management company	<u>217,333</u>	<u>124,692</u>
Net cash from operating activities	<u>512,630</u>	<u>165,737</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(289,331)</u>	<u>(95,495)</u>
Net cash from investing activities	(289,331)	(95,495)
Net change in cash and cash equivalents	223,299	70,242
Cash and cash equivalents, beginning of year	<u>70,242</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 293,541</u>	<u>\$ 70,242</u>

See accompanying notes to financial statements.

GEO NEXT GENERATION HIGH SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization: The GEO Next Generation High School, Inc. (the School) is a nonprofit organization established in 2019 for the purpose of operating a free 9-12 public charter school located in Baton Rouge, Louisiana. With the School's, Early College model, students are able to take free college courses for up to 60 college credits while simultaneously earning a high school diploma.

The School's initial school year began in August 2019 for the 2019-2020 academic year serving 9th grade students only and will add a grade each year over the subsequent three years. 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.

(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.
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:

Property and equipment	3-7 years
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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 asset without donor restrictions of the School may be used at the discretion of management to support the School's purposes and operations.

Net Assets With Donor Restrictions – The net asset with donor restrictions class includes assets of the School related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. The School had no net assets with donor restrictions of this nature as of June 30, 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). 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 87% and 67% of total revenue and support for the years ended June 30, 2021 and 2020, respectively.

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.

(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional and Allocated Expenses: Expenses are charged directly to activities when specifically identifiable. All other costs are allocated to the activities based upon various actual statistical bases. Salaries and related expenses are charged based on the relative amount of time historically spent by personnel. The School did not incur any fundraising expenses during the years ended June 30, 2021 and 2020, respectively.

Recent 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. 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.

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.

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	\$ 375,880	\$ 95,495
Buildings and improvements	8,946	-
Less: accumulated depreciation	<u>(89,605)</u>	<u>(11,659)</u>
	<u>\$ 295,221</u>	<u>\$ 83,836</u>

Depreciation expense was \$77,946 and \$11,659 for the years ended June 30, 2021 and 2020, respectively.

NOTE 3 - MANAGEMENT AGREEMENT

In accordance with a management agreement, for the term of five (5) years beginning July 1, 2019 and ending on June 30, 2024, 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 \$240,320 and \$166,933 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 \$342,025 and \$145,809, respectively for reimbursement of management services, and a receivable from GEO Foundation in the amount of \$0 and \$21,117, respectively.

(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 - LEASES

Effective August 1, 2020, the School entered into a building lease agreement through fiscal year 2027 which includes annual rent escalators. In accordance with GAAP, the School recognizes rent expense on a straight-line basis. The School has recognized a deferred rent liability of \$377,806 and \$0 on the statements of financial position as of June 30, 2021, and 2020, respectively. Rent expense totaled \$610,093 and \$75,000 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	\$ 443,448
2023	633,504
2024	823,548
2025	823,548
2026	823,548
Thereafter	<u>823,548</u>
	<u>\$ 4,371,144</u>

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 contribution to the plan of \$7,931 and \$7,956 for the years ended June 30, 2021 and 2020, respectively.

(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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 presents 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	\$ 1,086,302	\$ -	\$ 1,086,302
Purchased property services	596,529	44,900	641,429
Professional purchased services	76,068	240,320	316,388
Employee benefits	171,965	-	171,965
Food service	55,270	-	55,270
Marketing	-	40,594	40,594
Materials and supplies	132,175	-	132,175
Textbooks, books, workbooks, periodicals	53,994	-	53,994
Transportation services	273,958	-	273,958
Other purchased services	56,641	84,962	141,603
Other expenses	-	642	642
Utilities	147,389	11,094	158,483
Insurance	24,976	1,880	26,856
Depreciation	<u>72,490</u>	<u>5,456</u>	<u>77,946</u>
 Total expenses	 <u>\$ 2,747,757</u>	 <u>\$ 429,848</u>	 <u>\$ 3,177,605</u>

	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
<u>2020</u>			
Salaries	\$ 643,613	\$ -	\$ 643,613
Purchased property services	49,101	3,134	52,235
Professional purchased services	59,855	166,933	226,788
Employee benefits	137,770	-	137,770
Food service	42,293	-	42,293
Marketing	-	6,137	6,137
Materials and supplies	48,348	3,086	51,434
Textbooks, books, workbooks, periodicals	19,410	-	19,410
Transportation services	168,284	-	168,284
Other purchased services	-	102,945	102,945
Other expenses	-	16,210	16,210
Depreciation	<u>11,076</u>	<u>583</u>	<u>11,659</u>
 Total expenses	 <u>\$ 1,179,750</u>	 <u>\$ 299,028</u>	 <u>\$ 1,478,778</u>

(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 - LIQUIDITY AND AVAILABILITY

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	\$ 293,541	\$ 70,242
Accounts receivable	5,925	118,215
Grants receivable	<u>97,428</u>	<u>108,340</u>
 Total financial assets	 <u>\$ 396,894</u>	 <u>\$ 296,797</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

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 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 \$50,847, of which \$11,377 and \$30,390, 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 \$134,270 and \$120,621, respectively.

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 NEXT GENERATION HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
 PAYMENTS TO THE AGENCY HEAD
 Year ended June 30, 2021

Agency Head Name:	<u>Aleshia Taylor</u>	<u>Christina Jones</u>
<u>Purpose</u>	<u>Amount</u>	<u>Amount</u>
Salary	\$ 16,770	\$ 13,404
Benefits-insurance	-	963
Benefits-retirement	1,006	-
Benefits-FICA and Medicare	1,244	977
Car allowance	-	-
Vehicle provided by government	-	-
Per diem	-	-
Reimbursements	-	-
Travel	-	-
Registration fees	-	-
Conference travel	-	-
Housing	-	-
Unvouchered expenses	-	-
Special meals	-	-
Other	-	-
	-	-
Total	\$ 19,020	\$ 15,344

*Note: The School had two agency heads in the current year.

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 Next Generation High School, Inc.
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 Next Generation High School, Inc (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

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 Next Generation High School, Inc.
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 recorded in the applicable category of 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 agrees to the schedule.

Results of Procedure: We noted one instance for regular classes in the 1-20 class size range in which one class was improperly excluded from the schedule. We also noted one instance for regular classes in the 21-26 class size range in which one class was improperly excluded from the schedule. The Schedule 2 on page 20 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 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 agreed 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 employee education 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 agrees to the PEP data (or equivalent listing prepared by management).

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

Management's Response: Management has confirmed all noted employees have been appropriately compensated per their work agreements. Management is currently in process of evaluating software to streamline and automate personnel data. This will assure that the timing of changes to any compensation will seamlessly flow from the payroll system to the PEP report.

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.

(Continued)

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 NEXT GENERATION HIGH SCHOOL, INC.
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 NEXT GENERATION HIGH SCHOOL, INC.
 SCHEDULE 1: GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
 AND CERTAIN LOCAL REVENUE SOURCES
 Year ended June 30, 2021

<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	\$ 578,143	
Other instructional staff activities	48,429	
Instructional staff employee benefits	41,652	
Purchased professional and technical services	31,273	
Instructional materials and supplies	118,699	
Instructional equipment	<u>45,940</u>	
Total teacher and student interaction activities		\$ 864,136
Other instructional activities		<u>146,418</u>
Pupil support activities	\$ 38,083	
Less: equipment for pupil support activities	<u>(7,483)</u>	
Net pupil support activities		<u>30,600</u>
Instructional staff services	-	
Less: equipment for instructional staff services	<u>-</u>	
Net instructional staff services		<u>-</u>
School administration	\$ 456,972	
Less: equipment for school administration	<u>-</u>	
Net school administration		<u>456,972</u>
Total general fund instructional expenditures		<u>\$ 1,498,126</u>
Total general fund equipment expenditures		<u>\$ -</u>

Certain local revenue sources

This section is not applicable to GEO Next Generation High School, Inc.

GEO NEXT GENERATION HIGH SCHOOL, INC.
 SCHEDULE 2: 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 Activity Classes	71%	5	29%	2	0%	0	0%	0
Elementary	55%	43	30%	23	14%	11	1%	1

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.