

**BATON ROUGE UNIVERSITY
PREPARATORY SCHOOL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Baton Rouge University Preparatory School, Inc. (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the School Leader, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements 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 are not a required part of the basic consolidated financial statements but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of Baton Rouge University Preparatory School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Baton Rouge University Preparatory School, Inc.'s internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC
Baton Rouge, LA

November 25, 2020

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 1,545,562 | \$ 583,493 |
| Accounts receivable, net | 27,733 | 65,165 |
| Prepaid expenses | 54,056 | 72,969 |
| Total Current Assets | <u>1,627,351</u> | <u>721,627</u> |
| Property and Equipment | | |
| Furniture and fixtures | 69,846 | 69,846 |
| Equipment | 216,981 | 131,989 |
| Construction in progress | - | 446,150 |
| Land | 3,094,799 | 2,551,400 |
| Leasehold improvements | 46,149 | - |
| Accumulated depreciation | <u>(192,118)</u> | <u>(137,792)</u> |
| Total Property and Equipment | <u>3,235,657</u> | <u>3,061,593</u> |
| Total Assets | <u>\$ 4,863,008</u> | <u>\$ 3,783,220</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 206,608 | \$ 187,155 |
| Accrued wages | 132,299 | 61,752 |
| Current portion of long term debt | 77,472 | 72,610 |
| Total Current Liabilities | <u>416,379</u> | <u>321,517</u> |
| Long Term Liabilities | | |
| Notes payable, net of current portion | <u>1,466,821</u> | <u>1,544,289</u> |
| Total Long Term Liabilities | <u>1,466,821</u> | <u>1,544,289</u> |
| Total Liabilities | <u>1,883,200</u> | <u>1,865,806</u> |
| Net Assets | | |
| Net Assets Without Donor Restrictions | <u>2,979,808</u> | <u>1,917,414</u> |
| Total Liabilities and Net Assets | <u>\$ 4,863,008</u> | <u>\$ 3,783,220</u> |

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|---------------------|---------------------|
| REVENUES | | |
| Minimum Foundation Program | \$ 4,296,289 | \$ 3,314,946 |
| Federal grants | 341,665 | 247,097 |
| State grants | 30,956 | 11,065 |
| Contributions | 1,355 | 205 |
| Other income | 406,645 | 24,212 |
| Food service | 233,786 | 407,556 |
| Total Revenues | <u>5,310,696</u> | <u>4,005,081</u> |
| EXPENSES | | |
| Program services | 3,693,562 | 3,321,041 |
| Management and general | 554,740 | 498,490 |
| Total Expenses | <u>4,248,302</u> | <u>3,819,531</u> |
| CHANGE IN NET ASSETS | 1,062,394 | 185,550 |
| Net assets - beginning of year | <u>1,917,414</u> | <u>1,731,864</u> |
| Net assets - end of year | <u>\$ 2,979,808</u> | <u>\$ 1,917,414</u> |

See accompanying notes and independent auditors' report.

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

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

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDED JUNE 30, 2019

| | Program Services | Management & General | Total |
|-------------------------------------|---------------------|-------------------------|---------------------|
| Administration fees | \$ 2,098 | \$ 525 | \$ 2,623 |
| Curriculum materials and software | 158,140 | - | 158,140 |
| Depreciation | 34,091 | 8,522 | 42,613 |
| Employee benefits | 174,964 | 16,954 | 191,918 |
| Food service | 383,295 | - | 383,295 |
| Insurance | 24,515 | 6,129 | 30,644 |
| Interest | - | 66,136 | 66,136 |
| Janitorial | 64,685 | 16,171 | 80,856 |
| Payroll taxes | 117,238 | 6,284 | 123,522 |
| Recruiting | 65,018 | - | 65,018 |
| Rent | 221,050 | 73,683 | 294,733 |
| Repairs and maintenance | 41,874 | 10,468 | 52,342 |
| Salaries | 1,399,855 | 131,249 | 1,531,104 |
| Supplies | 24,719 | 7,935 | 32,654 |
| Technical and professional services | 222,821 | 140,403 | 363,224 |
| Transportation | 330,555 | - | 330,555 |
| Utilities | 56,123 | 14,031 | 70,154 |
| | <u>\$ 3,321,041</u> | <u>\$ 498,490</u> | <u>\$ 3,819,531</u> |

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 1,062,394 | \$ 185,550 |
| <u>Adjustments to reconcile net revenues over expenses</u> to net cash provided by operating activities: | | |
| Depreciation | 54,326 | 42,613 |
| Decrease in accounts receivable | 37,432 | 358,515 |
| (Increase) decrease in other current assets | 18,913 | (60,133) |
| Increase (decrease) in accounts payable | 19,453 | (52,158) |
| Increase (decrease) in accrued wages | 70,547 | (1,538) |
| Total adjustments | 200,671 | 287,299 |
| Net cash provided by operating activities | <u>1,263,065</u> | <u>472,849</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | <u>(228,390)</u> | <u>(1,263,244)</u> |
| Net cash used by investing activities | <u>(228,390)</u> | <u>(1,263,244)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from notes payable | - | 836,446 |
| Principal payments on notes payable | <u>(72,606)</u> | <u>(380,345)</u> |
| Net cash provided (used) by financing activities | <u>(72,606)</u> | <u>456,101</u> |
| INCREASE (DECREASE) IN CASH | 962,069 | (334,294) |
| CASH, BEGINNING OF YEAR | <u>583,493</u> | <u>917,787</u> |
| CASH, END OF YEAR | <u>\$ 1,545,562</u> | <u>\$ 583,493</u> |
| SUPPLEMENTAL DISCLOSURE | | |
| Cash paid for interest - capitalized | \$ 33,039 | \$ 25,093 |
| Cash paid for interest | <u>61,828</u> | <u>66,136</u> |

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019**

1. Summary of Significant Accounting Policies

(a) Organization

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

The charter contract is effective for an initial period of four years and will terminate on June 30, 2021 whereupon the School will begin operating under a new charter agreement under a national Charter Management Organization.

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

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

(b) Basis of Accounting

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

(c) Revenues

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

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

The School received additional federal funding in the form of a forgivable SBA loan for the purpose of maintaining the School's staffing during the Covid-19 Pandemic of 2020. This funding was issued as a loan with stipulations that the loan would be forgivable up to the full amount of the loan if the funds were used for particular expenditures. As of June 30, 2020, the School feels that it has substantially met the conditions of forgiveness and, as such, has recognized the loan amount as revenue.

(d) Net Assets

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

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019**

1. Summary of Significant Accounting Policies (continued)

(d) Net Assets (continued)

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

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions. The School does not have any net assets with donor restrictions for the years ended June 30, 2020 & 2019, respectively.

(e) Cash

Cash consists of bank deposits held with financial institutions and cash on hand.

(f) Accounts and Grants Receivable

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

(g) Functional Expenses

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

(h) Income Taxes

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

The School files information returns in the U.S. federal jurisdiction and in various other states. The School filed its first federal information return for tax year 2016 which is still subject to examination by the IRS.

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

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019**

1. Summary of Significant Accounting Policies (continued)

(i) Use of Estimates

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

(j) Recently Issued Accounting Standards

Effective July 1, 2019, the School adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". This ASU and all subsequently issued clarifying ASUs replaced most revenue recognition guidance in U.S. GAAP and addresses how an entity should recognize revenue derived from various contracts with customers that generate revenue, along with requiring additional disclosures related to the nature, amount, and timing of revenue and cash flows arising from contracts with customers. Primarily, the update requires the organization to evaluate the various performance obligations related to its contracts with customers, allocate the transaction price to the various performance obligations, and recognize revenue as performance obligations are satisfied. The standard was adopted using the modified retrospective method.

Effective July 1, 2019, the School adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves the guidance for contributions received and contributions made, and provides guidance to organizations on how to account for transactions as contributions or exchange transactions. In addition, it clarifies whether a contribution is conditional.

The adoption of these standards did not result in any changes to beginning net assets at July 1, 2019. Based on the School's evaluation process and review of its grant contracts and contribution award documentation, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standards.

2. Concentrations

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Cash amounts in excess of FDIC insured limits at June 30, 2020 and 2019 were \$1,295,763 and \$335,243, respectfully

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

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019**

2. Concentrations (continued)

| | <u>2020</u> | <u>2019</u> |
|----------------------------|-------------|-------------|
| Revenue | | |
| Minimum Foundation Program | 81% | 83% |
| Federal grants | 11% | 13% |
| PPP income | 7% | 0% |
| Receivables | | |
| Federal Grants | 100% | 100% |

3. Leases

While the property for new facilities is developed by 7802 Howell, LLC the School utilized the already existing agreement with Satellite Shelters, Inc. to provide additional large modular buildings on the land owned by the 7802 Howell, LLC. The lease payments under the new arrangement were \$21,925 per month for the year. The School plans to maintain the current leasing arrangement until the new school facilities are constructed. For the years ended June 30, 2020 and 2019, total lease expenses were \$301,395 and \$284,934, respectively.

4. Property and Equipment

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

5. Compensated Absences

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

6. Benefit Plan

The School maintains a 403(b) retirement plan for its employees. All employees who meet eligibility requirements related to age and length of service are eligible to participate in the plan. Employees may elect to defer a certain percentage of their total compensation, within limits established by the Internal Revenue Code. The School matches up to 3% of employee deferrals. For the years ended June 30, 2020 and 2019, the total amount paid by the School under the plan was \$12,428 and \$8,381, respectively.

7. Line of Credit

The School has an available line of credit of \$150,250 with a bank. Interest on the line of credit is 3.5% and is paid monthly. As of June 30, 2020 and 2019, there was no outstanding balance on the line of credit.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019**

8. CDSC and Hope Federal Credit Union Notes Payable

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

The total amount of the CSDC loan was \$830,000 and began on July 20, 2017. This loan was payable as interest only payments at the end of each month from July 31, 2017 to December 31, 2017.

Monthly principal and interest payments of \$7,190.63 over 53 months began on January 31, 2018 with a balloon payment of the remaining principal balance due on June 30, 2022. The interest rate is 7%. The total amount due on this loan at June 30, 2020 was \$744,421.

Interest expense for the years ended June 30, 2020 and 2019 was \$53,490 and \$55,919, respectively.

Projected amounts due on this loan for the next 5 years are as follows:

| | |
|------|-------------------|
| 2021 | 38,638 |
| 2022 | 705,783 |
| | <u>\$ 744,421</u> |

The total amount of the Hope Federal Credit Union loan was \$836,446 and began on December 17, 2018. This is a construction loan for the purpose of completing the development of the land that the new school facilities will be built. It was payable as interest only payments on the 17th of each month for the first six months. Monthly principal and interest payments of \$7,147.47 over 41 months began on July 17, 2019 with a balloon payment of the remaining principal balance due on December 17, 2022. The interest rate is 6%.

The total amount due on this loan at June 30, 2020 was \$799,872. Interest on the loan was capitalized until it was put into service as land in February 2020. The interest paid after that date was expensed. The amount capitalized as the funds were used for land development was \$33,039 and interest expense for the year ended June 30, 2020 was \$16,153.

Projected amounts due on this loan for the next 5 years are as follows:

| | |
|------|-------------------|
| 2021 | 38,834 |
| 2022 | 41,229 |
| 2023 | 719,809 |
| | <u>\$ 799,872</u> |

9. Reclassification

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

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019**

10. Commitments and Contingencies

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

11. Liquidity and Availability of Financial Assets

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

| | | |
|-----------------------------------------------------|---------------------|-------------------|
| Financial Assets at Year End: | <u>2020</u> | <u>2019</u> |
| Cash | \$ 1,545,562 | \$ 583,493 |
| Accounts Receivable, net | 27,733 | 65,165 |
| Available Line of Credit | <u>150,250</u> | <u>150,250</u> |
| Financial Assets Available for General Expenditures | <u>\$ 1,723,545</u> | <u>\$ 798,908</u> |

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

12. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 25, 2020, which is the date the financial statements were available to be issued.

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, the School is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
 SCHEDULE OF COMPENSATION, BENEFITS, AND
 OTHER PAYMENTS TO THE SCHOOL LEADER
 FOR THE PERIOD ENDED JUNE 30, 2020**

| School Leader: | B. Beck | B. Blanchard |
|-----------------------|-------------------|------------------|
| Salary | \$ 160,000 | \$ 78,708 |
| Benefits - Retirement | 3,000 | - |
| Benefits - Insurance | 12,851 | 12,599 |
| | <u>\$ 175,851</u> | <u>\$ 91,307</u> |

See accompanying notes and independent auditors' report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Baton Rouge University Preparatory Inc. (a non-profit organization) which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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, and have issued our report thereon dated November 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Baton Rouge University Preparatory Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge University Preparatory Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baton Rouge University Preparatory Inc.'s consolidated financial statements are free of 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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepoint & Brian, APAC
Baton Rouge, LA

November 25, 2020

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD ENDED JUNE 30, 2020**

We have audited the consolidated financial statements of Baton Rouge University Preparatory School, Inc., as of June 30, 2020, and for the year then ended, and have issued our report thereon dated November 25, 2020. 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.

Summary of Auditors' Reports

Financial Statements

| | |
|----------------------------------------------------------------------------------------|-------------|
| Type of auditors' report issued: | Unqualified |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | No |
| Noncompliance material to consolidated financial statements noted? | No |

Findings - Financial Statement Audit

There are no findings for the year ended June 30, 2020

Questioned Costs

There are no questioned costs for the year ended June 30, 2020

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD ENDED JUNE 30, 2019**

Summary of Prior Audit Findings

There are no findings for the year ended June 30, 2019.

Questioned Costs

There are no questioned costs for the year ended June 30, 2019.

See accompanying notes and independent auditors' report.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of Baton Rouge University Preparatory School, Inc. and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual consolidated financial statements of Baton Rouge University Preparatory School, Inc. for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Baton Rouge University Preparatory School, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

Procedure #1

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

- Total General Fund Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Results of Procedure #1

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

Class Size Characteristics (Schedule 2)

Procedure #2

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

Results of Procedure #2

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

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

Procedure #3

We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 35 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing.

Results of Procedure #3

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

Public School Staff Data: Average Salaries (No Schedule)

Procedure #4

We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalents, and obtained management's representation that the data/list was complete. We then selected 35 (or all if less) individuals, traced to each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results of Procedure #4

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

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

This purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual consolidated financial statements of Baton Rouge University Preparatory School, Inc., as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepont & Brian
Baton Rouge, LA

November 25, 2020

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

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2020

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 – Class Size Characteristics

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

**Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2020**

| | Column A | Column B |
|-----------------------------------------------------------------------------------|-------------|--------------|
| <u>General Fund Instructional and Equipment Expenditures</u> | | |
| General Fund Instructional Expenditures: | | |
| Teacher and Student Interaction Activities: | | |
| Classroom Teacher Salaries | 899,474 | |
| Other Instructional Staff Activities | 80,299 | |
| Instructional Staff Employee Benefits | 197,137 | |
| Purchased Professional and Technical Services | 157,064 | |
| Instructional Materials and Supplies | 227,524 | |
| Instructional Equipment | 93,983 | |
| Total Teacher and Student Interaction Activities | | \$ 1,655,481 |
| Other Instructional Activities | | - |
| Pupil Support Activities | 23,283 | |
| Less: Equipment for Pupil Support Activities | - | |
| Net Pupil Support Activities | | 23,283 |
| Instructional Staff Services | 341,026 | |
| Less: Equipment for Instructional Staff Services | - | |
| Net Instructional Staff Services | | 341,026 |
| School Administration | | |
| Less: Equipment for School Administration | 762,344 | |
| Net School Administration | - | 762,344 |
| Total General Fund Instructional Expenditures (Total of Column B) | | \$ 2,782,134 |
| Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000) | | \$ 93,983 |

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

Baton Rouge University Preparatory School, Inc.
 Baton Rouge, LA

Class Size Characteristics
 As of October 1st, 2019

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

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