

PREK-12 AND BEYOND
TALLULAH, LOUISIANA

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**
As of and for the Year Ended June 30, 2020

BY

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PREK-12 AND BEYOND

Tallulah, Louisiana

Financial Statements and Independent Auditor's Report As of and for the Year Ended June 30, 2020

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Independent Auditor's Report

To the Board of Directors of
PreK-12 and Beyond

Report on the Financial Statements

I have audited the accompanying financial statements of PreK-12 and Beyond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 auditor considers 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

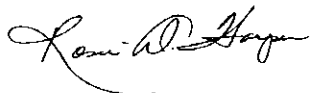
**PreK-12 and Beyond
Independent Auditor's Report (Continued)**

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PreK-12 and Beyond as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 22, 2021 on my consideration of PreK-12 and Beyond's internal control over financial reporting and on my 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 my 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 PreK-12 and Beyond'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 PreK-12 and Beyond's internal control over financial reporting and compliance.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
April 22, 2021

FINANCIAL STATEMENTS

PREK-12 AND BEYOND
Statement of Financial Position
For the Year Ended
June 30, 2020

Assets

Cash and Cash Equivalents	\$ 103,652
Grant Receivable	29,677
Due from Employees	131
Prepaid Expenses	<u>508</u>
Total Assets	<u><u>133,968</u></u>

Liabilities and Net Assets

Liabilities:

Deferred Revenue	124,620
Accrued Liabilities	<u>9,348</u>
Total Liabilities	<u>133,968</u>

Net Assets:

Without Donor Restrictions:

Operating	<u>-</u>
Total Net Assets Without Donor Restrictions	-

With Donor Restrictions	<u>-</u>
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Total Net Assets	<u>-</u>
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Total Liabilities and Net Assets	<u><u>\$ 133,968</u></u>
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See Accompanying Independent Auditor's Report and Notes to Financial Statements.

PREK-12 AND BEYOND
Statement of Activities
For the Year Ended
June 30, 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS**Revenue and Gains**

In-Kind Contributions	\$ 19,435
Other Revenues	3,056
	22,491
TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS	22,491

Net Assets Released from Restrictions

Restrictions Satisfied by Payments	159,216
TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	181,707

Expenses

Program Expenses	181,707
Total Expenses	181,707
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	-

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Grants	
Federal	159,216
TOTAL REVENUE AND GAINS WITH DONOR RESTRICTIONS	159,216
Net Assets Released from Restrictions	
Restrictions Satisfied by Payments	(159,216)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-
DECREASE IN NET ASSETS	-
NET ASSETS AT THE BEGINNING OF THE YEAR	-
NET ASSETS AT THE END OF THE YEAR	\$ -

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

PREK-12 AND BEYOND
Statement of Cash Flows
For the Year Ended
June 30, 2020

Operating Activities	<u>All Funds</u>
Change in Net Assets	\$ -
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase in Grants Receivable	(29,677)
Increase in Due from Employees	(131)
Increase in Accounts Payable/Accrued Liabilities	8,840
Increase in Deferred Revenue	<u>92,585</u>
Total Adjustments	<u>71,617</u>
Net Cash Provided by Operating Activities	<u>71,617</u>
Net Increase in Cash and Cash Equivalents	<u>71,617</u>
Cash and Cash Equivalents as of the Beginning of Year	<u>32,035</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 103,652</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

PREK-12 AND BEYOND
Statement of Functional Expenses
For the Year Ended
June 30, 2020

	Program Services
Personnel Costs	
Salaries and Wages	\$ 82,306
Payroll Taxes and Other Fringe Benefits	6,818
Total Personnel Costs	89,124
 Other Expenses	
Purchased Professional/Technical Services	66,264
Other Purchased Services	7,698
Supplies	18,621
Total Other Expenses	92,583
Total Functional Expenses	\$ 181,707

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

**PreK-12 and Beyond
Tallulah, Louisiana**

**Notes to the Financial Statements
As of and For the Year Ended June 30, 2020**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The PreK-12 and Beyond is a private non-profit organization domiciled in Tallulah, Louisiana. The Organization was chartered by the State of Louisiana on April 7, 2015. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. The Organization is supported primarily through state and private grants, contributions, and donations from the public, and fundraisers. The objective of the Organization is to provide academic enrichment opportunities for children attending low performing schools through the creation of community learning centers for the purpose of assisting students in meeting state and local academic achievement standards in core academic subject areas. The Organization is governed by a Board of Directors consisting of three (3) members, which receive no compensation.

Method of Accounting

The financial statements have been prepared on the accrual method of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit and Accounting Guide for Not-for-Profit Organizations*.

Basis of Presentation

The financial statements have been prepared in accordance with U.S generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization and the board of directors.

Net Assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

PreK-12 and Beyond
Notes to Financial Statements (Continued)

Public Support and Revenue

In order to comply with restrictions that donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consist mainly of fundraising, and contributions. Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be without restrictions unless restricted by the donor and are reported as net assets without donor restrictions.

Depreciation

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and improvements	30 years
Furniture and equipment	7 years

Income Taxes

PreK-12 and Beyond is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of March 12, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by Internal Revenue Service for the years ended June 30, 2018, 2019, and 2020; however, there are currently no audits for any tax period in progress.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market

PreK-12 and Beyond
Notes to Financial Statements (Continued)

Cash and Cash Equivalents (Continued)

accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Organization had no cash equivalents during the audit period. On June 30, 2020, the Organization had cash totaling \$103,652 as follows:

With Donor Restrictions	\$ 87,585
Without Donor Restrictions	<u>16,067</u>
Total Cash	<u>\$ 103,652</u>

Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, investments, and notes payable are reported in the statement of financial position at approximate fair values because of the short maturity of those instruments.

New Accounting Pronouncements

As of July 1, 2019, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the year ending June 30, 2020 is presented under FASB ASC Topic 606. The ASU has been applied retrospectively, with no effect on net assets or previously issued financial statements.

During the year, the Organization also adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending June 30, 2020 are presented under FASB ASU 2018-08. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

PreK-12 and Beyond
Notes to Financial Statements (Continued)

New Accounting Pronouncements (Continued)

In 2020, the Organization adopted the provisions of FASB ASU 2016-18, Statement of Cash Flows (Topic 230). This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The Organization has applied the provisions of ASU 2016-18 with no effect on net assets or previously issued financial statements.

Deferred Revenue

The Organization follows the deferred method of revenue recognition. Under the deferred method, grants and other revenue received during the year for expenses to be incurred in the following year are recorded as deferred revenue.

Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B. PENSION PLAN

The Organization does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System. All employees of the Organization are members of the Social Security System. In addition to the employees' contribution, the agency contributes 7.65 percent to the Social Security System. Contributions to the Social Security System for the year ended June 30, 2020 was \$14,952. The Organization does not guarantee the benefits granted by the Social Security System.

NOTE C. GRANT RECEIVABLES

At June 30, 2020, the Organization had grant receivables as follows:

Department of Education (21st Century)	\$	29,677
Total	\$	<u>29,677</u>

PreK-12 and Beyond
Notes to Financial Statements (Continued)

NOTE D. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE E. DEFERRED REVENUE

At June 30, 2020, the Organization had deferred revenue totaling \$124,620 consisting of the following:

Department of Education (21st Century)	\$ 22,490
Department of Education (Safe & Drug Free)	65,095
General Fund	<u>37,035</u>
Total	<u>\$ 124,620</u>

NOTE F. ACCRUED LIABILITIES

At June 30, 2020, the Organization had accrued liabilities totaling \$9,348 consisting of the following:

Payroll Liabilities	\$ 9,348
Total	<u>\$ 9,348</u>

NOTE G. LIQUIDITY MANAGEMENT

As of June 30, 2020, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 103,652
Due from Employees	131
Grants Receivable	29,677
Pre-paid Expenses	<u>508</u>
Total	<u>\$ 133,968</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

PreK-12 and Beyond
Notes to Financial Statements (Continued)

NOTE H. CONCENTRATION OF RISK

For the year ended June 30, 2020, the Organization was subject to significant concentration risks due to the fact that one hundred percent (100%) of its funding consisted of two federal grants with Department of Education pass through the state of Louisiana and the Department of Health and Hospitals.

NOTE I. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 22, 2021, the date which the financial statements were available to be issued and determined that there are no events which require disclosure.



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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*

To: The Board of Directors
PreK-12 and Beyond

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of PreK-12 and Beyond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated April 22, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered PreK-12 and Beyond's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PreK-12 and Beyond's internal control. Accordingly, I do not express an opinion on the effectiveness of the PreK-12 and Beyond'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies, as *Findings: 2020-3*.

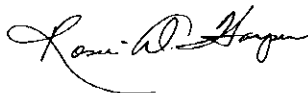
Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PreK-12 and Beyond's financial statements are free from material misstatement, I 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as *Findings: 2020-1 and 2020-2*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
April 22, 2021

SUPPLEMENTAL INFORMATION

Pre-K and Beyond

Schedule of Findings and Questioned Costs
For Year Ended June 30, 2020**2020-1 - Payroll Taxes Not Paid Timely**

Criteria:	Federal and state laws require the timely filing and payment of payroll taxes.
Cause:	Federal and state payroll taxes were not paid timely.
Condition:	Federal and state payroll taxes were not paid timely.
Effect:	The Organization has incurred penalties and interest by failing to pay federal and state payroll taxes in a timely manner.
Recommendation:	The Organization should retain the services of a payroll processing company such as ADP, QuickBooks or Payroll Plus to ensure timely filing and payment of all payroll taxes.

**Management's Response
and Planned Corrective**

Action:	The Executive Director was not aware that the payroll taxes should be paid monthly. Prek-12 and Beyond will retain professional services to ensure timely filing and payment of all payroll taxes. In addition, policies and procedures will be put in place to assure timely filing.
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2020-2 – Non-Filing of Form 1099's

Criteria:	The Internal Revenue Service requires Form 1099-NEC or 1099-MISC to be prepared and filed for all nonemployee compensation and/or independent contractors who receive at least \$600 for services performed for trade or business.
Cause:	The Organization did not prepare and file Forms 1099-NEC or 1099-MISC for nonemployee compensation and/or independent contractors.
Condition:	Forms 1099-NEC or 1099-MISC were not prepared or filed for non-employee compensation and/or independent contract labor.
Effect:	The Organization is subject to incur penalties and interest by failing to file federal forms in a timely manner.
Recommendation:	The Organization should retain the services of a payroll processing company such as ADP, QuickBooks or Payroll Plus to ensure timely filing and payment of payroll tax liabilities.

**Management's Response
and Planned Corrective**

Action:	Prek-12 and Beyond concurs with the findings and will put policies and procedures in place to ensure that 1099-NEC oversight will not occur again. Moreover, Prek-12 and Beyond will retain professional services to ensure timely filing and payment of payroll tax liabilities.
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**Pre-K and Beyond
Schedule of Findings and Questioned Costs (Continued)**

2020-3 - Inadequate Segregation of Duties

Criteria: Adequate segregation of duties reduces risks, improves compliance, and increases operational efficiencies.

Cause: The Organization is understaffed.

Condition: The Executive Director handles primarily all financial activities of the organization.

Effect: Inadequate segregation of duties reduces risks, improves compliance, and increases operational efficiencies.

Recommendation: The Organization should establish proper segregation of duties which will minimize risks, improve compliance, and increase operational efficiencies.

**Management's Response
and Planned Corrective**

Action: Prek-12 and Beyond will implement policies and procedures to accomplish proper segregation of duties which will include more involvement of the board of directors in the day to day operations and obtaining the services of a qualified trained individual with expertise in accounting to assist with the day-to-day financial activities and grant management.

QUESTIONED COST: NONE

Schedule of Board Members
For the Year Ended June 30, 2020

Board Member	Title	Location
Agnes Robertson	President	Tallulah, Louisiana
Desi Smith	Board Member	Tallulah, Louisiana
Karl Thomas	Secretary/Treasurer	Tallulah, Louisiana

See Accompanying Auditor's Report and Notes to Financial Statements.

Schedule of Compensation - Key Management
For the Year Ended June 30, 2020

	Patricia Candler	
Job Title	Executive Director	
Salary	\$	42,601
Contract Labor		19,108
401K		-
Benefits-Health Insurance		-
Per Diem		621
Reimbursements (Office Supplies)		2,941
Registration Fees		-
Travel		5,716
Total Compensation	\$	70,987

See Accompanying Auditor's Report and Notes to Financial Statements.