



**Baton Rouge**

*BBR SCHOOLS, INC.*

*CONSOLIDATED FINANCIAL REPORT*

*FOR THE YEARS ENDED*

*JUNE 30, 2022 AND 2021*

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT .....	1
<b>GENERAL-PURPOSE FINANCIAL STATEMENTS</b> .....	<b>4</b>
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION .....	5
CONSOLIDATED STATEMENT OF ACTIVITIES .....	6
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES .....	8
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	10
NOTES TO FINANCIAL STATEMENTS .....	12
<b>SUPPLEMENTARY INFORMATION</b> .....	<b>20</b>
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES .....	21
CLASS-SIZE CHARACTERISTICS .....	22
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD .....	23
CONSOLIDATING STATEMENT OF FINANCIAL POSITION .....	24
CONSOLIDATING STATEMENT OF ACTIVITIES .....	25
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES .....	26
CONSOLIDATING STATEMENT OF CASH FLOWS .....	27
SCHEDULE OF DEBT COVENANTS .....	29
<b>COMPLIANCE AND INTERNAL CONTROL</b> .....	<b>30</b>
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	31
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE .....	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	36
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	37
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	38
INDEPENDENT ACCOUNTANT’S REPORT CHARTER SCHOOL AGREED UPON PROCEDURES .....	39
STATE-WIDE AGREED UPON PROCEDURES .....	41



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
BBR Schools, Inc.  
Baton Rouge, LA

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of BBR Schools, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of BBR Schools, Inc. and its subsidiaries as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BBR Schools, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BBR Schools, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BBR Schools, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BBR Schools, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information (as listed in the table of contents and the schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*) is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The Supplementary 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the consolidated 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 January 30, 2023 on our consideration of BBR Schools, Inc.'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 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 BBR Schools, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.  
January 30, 2023

**GENERAL-PURPOSE  
FINANCIAL STATEMENTS**

BBR SCHOOLS, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 6,871,554	\$ 4,963,091
Restricted Cash for Debt Service	319,261	-
Restricted Cash for Repairs and Maintenance	19,450	-
Accounts Receivable:		
Parish School Board	1,362,365	716,268
Other	52,160	48,663
Prepaid Expenses	163,557	58,426
<i>Total Current Assets</i>	8,788,347	5,786,448
<i>Other Assets:</i>		
Restricted Cash for Construction	11,640,495	-
Restricted Cash for Debt Reserve	39,098	-
Restricted Investments for Debt Reserve	2,132,851	-
Property and Equipment, net	27,860,390	24,935,410
<i>Total Current Assets</i>	41,672,834	24,935,410
 <b>TOTAL ASSETS</b>	 <b>\$ 50,461,181</b>	 <b>\$ 30,721,858</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	\$ 1,278,754	\$ 2,297,436
Accrued Interest	137,879	-
Payable to Related Entity BCSI	11,645	5,645
Current Portion of Bonds Payable	390,000	-
<i>Total Current Liabilities</i>	1,818,278	2,303,081
<i>Long-term Liabilities:</i>		
Bonds Payable (net of current Portion)	40,955,000	-
Note Payable	-	7,714,249
Unamortized Bond Premiums	1,245,238	-
Unamortized Debt Issuance Costs	(1,275,450)	(220,666)
Lease Liability	-	16,693,978
<i>Total Long-term Liabilities</i>	40,924,788	24,187,561
<i>Total Liabilities</i>	42,743,066	26,490,642
 <i>Net Assets:</i>		
Without Donor Restrictions	7,475,702	3,995,646
With Donor Restrictions	242,413	235,570
<i>Total Net Assets</i>	7,718,115	4,231,216
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 50,461,181</b>	 <b>\$ 30,721,858</b>

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

BBR SCHOOLS, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Contributions	\$ 2,742	\$ 312,845	\$ 315,587
Parish School Board Allotment	12,898,503	-	12,898,503
Federal Revenues	-	887,897	887,897
Other Revenues	381,519	-	381,519
	<u>13,282,764</u>	<u>1,200,742</u>	<u>14,483,506</u>
Net Assets Released from Restrictions	1,193,899	(1,193,899)	-
<b>TOTAL REVENUE</b>	<u>14,476,663</u>	<u>6,843</u>	<u>14,483,506</u>
<b>EXPENSES</b>			
Educational Program	10,279,762	-	10,279,762
General and Administrative	2,803,376	-	2,803,376
Fundraising	25,633	-	25,633
<b>TOTAL EXPENSES</b>	<u>13,108,771</u>	<u>-</u>	<u>13,108,771</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	1,367,892	6,843	1,374,735
Gain on Lease Termination	2,293,414	-	2,293,414
Loss on Debt Refinancing	(181,250)	-	(181,250)
<b>CHANGE IN NET ASSETS</b>	3,480,056	6,843	3,486,899
<b>BEGINNING NET ASSETS</b>	<u>3,995,646</u>	<u>235,570</u>	<u>4,231,216</u>
<b>ENDING NET ASSETS</b>	<u>\$ 7,475,702</u>	<u>\$ 242,413</u>	<u>\$ 7,718,115</u>

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

BBR SCHOOLS, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>REVENUE</b>			
Contributions	\$ 1,912,723	\$ 222,377	\$ 2,135,100
Contributions In-kind	539,788	-	539,788
Parish School Board Allotment	8,032,011	-	8,032,011
Federal Grant Revenues	-	133,694	133,694
Other Revenues	128,666	-	128,666
	<u>10,613,188</u>	<u>356,071</u>	<u>10,969,259</u>
Net Assets Released from Restrictions	308,905	(308,905)	-
<b>TOTAL REVENUE</b>	<u>10,922,093</u>	<u>47,166</u>	<u>10,969,259</u>
<b>EXPENSES</b>			
Educational Program	6,079,865	-	6,079,865
General and Administrative	1,617,736	-	1,617,736
Fundraising	40,733	-	40,733
<b>TOTAL EXPENSES</b>	<u>7,738,334</u>	<u>-</u>	<u>7,738,334</u>
<b>CHANGE IN NET ASSETS</b>	3,183,759	47,166	3,230,925
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>811,887</u>	<u>188,404</u>	<u>1,000,291</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,995,646</u>	<u>\$ 235,570</u>	<u>\$ 4,231,216</u>

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

BBR SCHOOLS, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

<b>EXPENSES</b>	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Leased Personnel	\$ 6,032,386	\$ 725,533	\$ 9,617	\$ 6,767,536
Supplies	337,041	95,199	-	432,240
Fundraising	11	5	15,941	15,957
Marketing	-	139,053	-	139,053
Management Fee	1,168,783	630,907	-	1,799,690
Occupancy	1,050,003	437,000	-	1,487,003
Office	15,001	11,403	-	26,404
Depreciation & Amortization	846,341	117,387	-	963,728
Services	119,197	212,698	75	331,970
Travel	1,694	19,398	-	21,092
Information Technology	38,858	35,861	-	74,719
Insurance	124,445	53,333	-	177,778
Other Expenses	389,310	144,559	-	533,869
Interest	156,692	181,040	-	337,732
<b>TOTAL EXPENSES</b>	<u>\$ 10,279,762</u>	<u>\$ 2,803,376</u>	<u>\$ 25,633</u>	<u>\$ 13,108,771</u>

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

BBR SCHOOLS, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

<b>EXPENSES</b>	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Leased Personnel	\$ 3,286,066	\$ 411,507	\$ 31,777	\$ 3,729,350
Supplies	96,966	-	-	96,966
Fundraising	-	-	8,603	8,603
Marketing	-	187,724	-	187,724
Management Fee	920,416	271,523	-	1,191,939
Occupancy	142,804	78,171	-	220,975
Office	39,679	-	-	39,679
Depreciation & Amortization	423,985	163,483	-	587,468
Services	189,379	-	-	189,379
Travel	19,465	-	-	19,465
Information Technology	38,891	-	-	38,891
Insurance	66,670	28,573	-	95,243
Other Expenses	17,554	117,617	353	135,524
Interest	837,990	359,138	-	1,197,128
<b>TOTAL EXPENSES</b>	<u>\$ 6,079,865</u>	<u>\$ 1,617,736</u>	<u>\$ 40,733</u>	<u>\$ 7,738,334</u>

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

BBR SCHOOLS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Cash Received from State and Federal Grantors	\$ 13,137,636	\$ 7,920,029
Cash Received from Others	797,568	2,287,255
Payments to Vendors for Goods and Services	(11,851,435)	(5,968,675)
Payments for Interest	(1,179,902)	(1,019,652)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>903,867</b>	<b>3,218,957</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Purchase of Investments	(2,234,144)	-
Purchase of Property and Equipment	(18,300,559)	(7,782,654)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(20,534,703)</b>	<b>(7,782,654)</b>
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
Proceeds from Bonds and Notes Payable	46,212,827	7,714,249
Premiums Received on Bonded Debt	1,266,655	-
Principal Payments on Notes Payable	(12,582,066)	-
Debt Issuance Costs Paid	(1,339,813)	(220,666)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>33,557,603</b>	<b>7,493,583</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>13,926,767</b>	<b>2,929,886</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>4,963,091</b>	<b>2,033,205</b>
Unrestricted Cash	6,871,554	4,963,091
Restricted Cash	12,018,304	-
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 18,889,858</b>	<b>\$ 4,963,091</b>

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

BBR SCHOOLS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Excess of Revenues over Expenses	\$ 1,374,735	\$ 3,230,925
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	963,728	587,468
Unrealized Loss on Investments	101,292	-
In-kind Donations		(539,788)
(Increase) Decrease in Current Assets:		
Accounts Receivable:		
Parish School Board	(648,764)	(245,676)
Other	(830)	16,021
Prepaid Expenses	(105,131)	(29,898)
Receivable from Related Entity BCSI	-	184
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(1,018,682)	26,592
Payable to Related Entity BCSI	6,000	(4,347)
Accrued Interest	231,519	177,476
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 903,867</b>	<b>\$ 3,218,957</b>

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

BBR SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Reporting Entity*

BBR Schools, Inc. (BBR) is a Louisiana nonprofit corporation organized February 2016. BBR's single member is BASIS Charter Schools, Inc. (BCSI) (an Arizona based nonprofit corporation). BBR was awarded two Type 1 charter contracts by the East Baton Rouge Parish School Board (EBR) to open two charter schools serving grades kindergarten through twelfth. BBR receives a proportionate share of state and local revenue sources of EBR based on enrollment. The Board of Directors of BBR is appointed by BCSI and has the authority to make decisions, appoint the chief executive officer of the Charter, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter.

In July 2020, Friends of BASIS Louisiana ("Friends"), a separate nonprofit organization, was created to raise funds for the exclusive benefit of BBR. A majority of the board of Friends must be comprised of the board members of BBR and upon closure any remaining funds of Friends will be remitted to BBR. Because of the relationship between BBR and Friends, the financial statements of Friends have been consolidated into the financial statements of BBR.

*Basis of Accounting and Presentation*

The general-purpose financial statements of BBR were prepared in conformity with accounting principles generally accepted in the United States. The *Financial Accounting Standards Board* is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

*Without Donor Restriction* – net assets that are not subject to grantor or donor-imposed stipulations.

*With Donor Restriction* – net assets subject to grantor or donor-imposed stipulations that may be met by BBR actions, passage of time or held in perpetuity.

*Cash and Cash Equivalents*

For financial statement purposes, BBR considers all highly liquid investment instruments with an original maturity of three months or less to be cash.

*Capital Assets*

Capital assets are defined by BBR as assets with a useful life greater than one year and an individual cost of more than \$300 and all textbooks. Such assets are recorded at historical cost (or fair value if donated) and are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation. Useful lives are generally estimated to be 3-to-5 years for furniture and equipment.

BBR SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2022 AND 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

*Investments and Fair Value*

BBR invests debt service reserve accounts in federal government backed debt securities and money market mutual funds. These investments are reported at fair value. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

*Contributions*

BBR reports contributions as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions in the reporting period in which the contribution becomes unconditional. When a restriction expires, net assets with donor restrictions are released and reported in the statement of activities as net assets released from restrictions. Contributions received in the same year that restrictions are fully met are reported in the without donor restriction column.

*Parish Funding*

The EBR School Board receives state and local revenue sources to which BBR is contractually entitled. The amounts are distributed monthly and generally finalized for the year each June. Any amounts to which BBR is entitled to for a school year but has not yet been remitted are recorded as accounts receivable on the Statement of Financial Position. BBR reports the revenue from EBR as without donor restrictions as the revenue supports BBR's overall mission.

BBR SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2022 AND 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

*Leases*

BBR classifies leases as financing or operating based on the nature of the agreement. This determination is performed at the inception of the lease and not reevaluated unless the contract is modified or lease termination/extension options are exercised that were not expected. Both types of leases result in lease liabilities and right to use assets on the statement of financial position based on discounted cash flows using either the implicit rate in the lease or BBR's incremental borrowing rate. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Finance lease right to use assets are amortized as a component of depreciation expense. Leases may include non-lease components; however, these are accounted for as a single lease component.

Leases with subsidiaries are eliminated for the consolidated financial statements. Internally and on the consolidating financial statements, the subsidiary lease revenue and expense are reported based on the scheduled payments.

*Use of 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.

*Functional Expense Classification*

BBR allocates direct instructional costs and supplies to program activities. Activities related to facilitating governing board functions and maintaining fiscal responsibilities are allocated to general and administrative. Costs benefitting both general and program activities, are allocated based on an estimate of the utilization by each activity and/or the hours spent by the personnel involved.

*Income Taxes*

BBR Schools, Inc. is a not-for-profit organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, except to the extent that it has unrelated business income. As such, no provision for income taxes has been made in the financial statements. The Organization is generally no longer subject to income tax examination by Federal authorities for years prior to June 30, 2019.

*Subsequent Events*

Subsequent events were considered through January 30, 2023, which is the date the financial statements were available to be issued.

BBR SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2022 AND 2021

NOTE 2 -- UNCOLLATERALIZED DEPOSITS

BBR's deposits consisted of the following as of June 30, 2022 and 2021:

<u>Reported as Cash and Cash Equivalents</u>	<u>2022</u>	<u>2021</u>
Bank Deposits:		
Covered by FDIC Insurance	\$ 694,900	\$ 726,646
Covered by Pledged Securities from the Depository	6,110,101	-
Uncollateralized	65,897	4,236,445
Money Market Mutual Funds	<u>12,018,960</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 18,889,858</u>	<u>\$ 4,963,091</u>

NOTE 3 -- INVESTMENTS

BBR's investments consisted of the following as of June 30, 2022:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Loss</u>	<u>Method</u>	<u>Weighted Average Maturity</u>
Federal Agency Debt Securities	\$ 2,132,851	\$ 2,234,144	\$(101,293)	Level 2	915 Days
Total Investments	<u>\$ 2,132,851</u>	<u>\$ 2,234,144</u>	<u>\$(101,293)</u>		

NOTE 4 -- CAPITAL ASSETS

Capital assets at June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,553,444	\$ 2,553,444
Construction in Progress	<u>878,246</u>	<u>7,470,966</u>
Total Not Depreciated	<u>3,431,690</u>	<u>10,024,410</u>
Buildings and Improvements	24,371,171	-
Right to Use Asset - Building	-	16,295,000
Furniture, Equipment & Textbooks	<u>1,124,858</u>	<u>268,171</u>
Total Being Depreciated	<u>25,496,029</u>	<u>16,563,171</u>
Accumulated Depreciation	<u>(1,067,329)</u>	<u>(1,652,171)</u>
Property and Equipment - Net	<u>\$ 27,860,390</u>	<u>\$ 24,935,410</u>

Capital assets acquired with public funds received by BBR for the operation of the open-enrollment charter school constitute public property. Should the school close for any reason, assets purchased with funds received from the EBR School Board would be returned to the EBR School Board. Depreciation expense was \$963,728 and \$587,468 for the years ending June 30, 2022 and 2021, respectively.

BBR SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2022 AND 2021

NOTE 5 -- LEASES

In 2018, BBR leased a facility from BCSI for a school. The lease agreement provided a schedule of required monthly payments for the entire term through June 30, 2049 with two additional 10-year renewals at BBR's option. Because of the length of the term and significance of the present value compared to the fair value of the building, the lease was classified as a finance lease. In December 2021, Louisiana Public Facilities Authority issued bonds and loaned the proceeds to Friends to purchase the building from BCSI and lease to BBR. As such, the lease from BCSI to BBR was terminated in December 2021. Financing lease costs for the year ending June 30, 2022 and 2021, were as follows:

Finance Lease Cost:	2022	2021
Amortization of Right to Use Asset (Included in Depreciation)	\$ 263,531	\$ 527,062
Interest on Lease Liability	432,240	1,197,128
Total Finance Lease Cost	\$ 695,771	\$ 1,724,190

Additional disclosures about balances and future payments for the lease are as follows:

Finance Lease:	2022	2021
Property and Equipment	\$ -	\$ 16,295,000
Accumulated Depreciation	-	(1,537,264)
Property and Equipment Net	\$ -	\$ 14,757,736
Lease Liability	-	16,693,978
Total Finance Lease Liabilities	\$ -	\$ 16,693,978
Remaining Lease Term	N/A	28 years
Discount Rate	7.21%	7.21%

The lease from Friends to BBR is eliminated in the consolidated financial statements and not included in the above figures. The required payments on the lease are based on the loan payments for Friends.

NOTE 6 -- NOTES PAYABLE

In October 2020, Friends signed two notes payable for \$11 million and \$1.4 million to purchase, construct and equip the second campus for BBR. The notes are secured by the property and rent payments from BBR to Friends. As of June 30, 2021, Friends drew \$7,714,249, leaving unused credit of \$3,285,751 on the first note and \$1.4 million on the second note. Friends drew the remaining balance on the notes in late 2021. The notes were refinanced by the proceeds of the bonds in December 2021.

BBR SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2022 AND 2021

NOTE 7 -- BONDS PAYABLE

In December 2021, Louisiana Public Facilities Authority issued Series 2021 Revenue Bonds for a face amount of \$41,550,000. The proceeds were used to refinance existing notes payable, purchase and improve the campus from BCSI. Both facilities are leased to BBR. The bonds are secured by the facilities and the revenue from the leases to BBR. Friends is required to make semi-annual payments through 2056. The bonds bear interest at 4-4.25%.

The bonds contain several restrictive covenants such limiting future borrowing of BBR, requiring debts service and reserve sinking accounts, and requiring ratios such as days cash on hand and lease payment coverage. BBR has met these requirements as of June 30, 2022.

Future debt service on the notes payable as of June 30, 2022 is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 390,000	\$ 1,654,550	\$ 2,044,550
2024	410,000	1,638,950	2,048,950
2025	650,000	1,622,550	2,272,550
2026	675,000	1,596,063	2,271,063
2027	700,000	1,568,800	2,268,800
2028-2032	3,935,000	7,401,800	11,336,800
2033-2037	4,795,000	6,548,800	11,343,800
2038-2042	5,825,000	5,510,400	11,335,400
2043-2047	7,095,000	4,248,000	11,343,000
2048-2052	8,640,000	2,709,800	11,349,800
2053-2056	8,230,000	839,000	9,069,000
Total	<u>\$41,345,000</u>	<u>\$35,338,713</u>	<u>\$76,683,713</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 and 2021 consisted of the following restrictions:

	2022	2021
Teacher Compensation	\$ 137,219	\$ 221,125
Food Program	105,194	14,445
Total Net Assets with Restrictions	<u>\$ 242,413</u>	<u>\$ 235,570</u>

BBR SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2022 AND 2021

NOTE 8 -- NET ASSETS WITH DONOR RESTRICTIONS (CONT.)

Releases of net assets with donor restrictions during the years ending June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Food Program	\$ 443,901	\$ 102,875
ESSER	246,420	-
Strong Start Grant	8,797	16,374
Annual Teacher Fund	396,751	188,706
Other Restrictions	98,030	950
Total Released Net Assets	<u>\$ 1,193,899</u>	<u>\$ 308,905</u>

NOTE 9 -- RELATED ENTITY

BASIS Charter Schools Inc. (BCSI) is the sole member of BBR, has common management (BASIS Educational Group), and shares one common Board member. BCSI also has the authority to appoint members to the Board of Directors of BBR. BBR and BCSI collaborate on projects to minimize costs and ease administrative burden. In the normal course of their operations payables and receivables are incurred between these entities and are reflected on the Statement of Financial Position as receivables and payables. In addition, BBR paid BCSI for leased personnel in the amounts of \$41 thousand and \$37 thousand for the years ending June 30, 2022 and 2021, respectively.

NOTE 10 -- BASIS EDUCATIONAL GROUP MANAGEMENT AGREEMENT

BBR contracted with BASIS Educational Group (BASIS.ed) to perform management and operational functions of BBR, including leased personnel, and to participate in the BASIS education model. Management fees are paid to BASIS.ed based on a percentage of certain revenue. Expenses recognized to BASIS.ed for the year ending June 30, 2022 were \$1.8 million for management and school development fees and \$6.7 million for leased personnel. Expenses recognized to BASIS.ed for the year ending June 30, 2021 were \$1.2 million for management and school development fees and \$3.7 million for leased personnel.

NOTE 11 -- EAST BATON ROUGE SCHOOL BOARD CONCENTRATION

BBR operates a charter school in East Baton Rouge authorized by contract through East Baton Rouge School Board (EBR). A contract for a second campus was approved and went into effect July, 2021. BBR is subject to state, federal and EBR compliance requirements. Failure to comply could lead to loss of funding or revocation of the charter contract. Upon revocation or closure, all assets acquired with public funds are returned to EBR, including cash. Revenues related to the charter contract represented 95% and 83% of total revenues for the years ending June 30, 2022 and 2021, respectively. Should this contract be terminated, BBR's operations would be severely impacted.

BBR SCHOOLS, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 JUNE 30, 2022 AND 2021

NOTE 12 -- LIQUIDITY AND AVAILABILITY

The following table summarizes the resources available to fund operations as of June 30, 2022:

<b>RESOURCES AVAILABLE FOR OPERATIONS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 6,871,554
Accounts Receivable:	
Parish School Board	1,362,365
Other	52,160
Prepaid Expenses	163,557
 <i>Current Liabilities:</i>	
Accounts Payable and Accrued Expenses	(1,416,633)
Payable to Related Entity BCSI	(11,645)
Current Portion of Debt	(390,000)
<i>Less Net Assets with Restrictions</i>	<u>(242,413)</u>
 <b>NET RESOURCES AVAILABLE</b>	 <u><u>\$ 6,388,945</u></u>

In addition, BBR's largest funding source (the contract with EBR) is in effect for the school year 2022-2023, providing monthly payments to support operations sufficient to cover the operating budget.

NOTE 13 -- LITIGATION

Management is unaware of any pending or threatened litigation that would result in any significant financial impact.

NOTE 14 -- COMMITMENTS

Friends has entered into construction and architecture contracts for improvements to a campus. The total contracts are \$9.2 million. As of June 30, 2022, \$424 thousand had been incurred, leaving an estimated commitment of \$8.8 million.

**SUPPLEMENTARY INFORMATION**

BBR SCHOOLS, INC.  
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL  
REVENUE SOURCES  
FOR THE YEAR ENDED JUNE 30, 2022

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ -	
Other Instructional Staff Activities	-	
Instructional Staff Employee Benefits	-	
Purchased Professional and Technical Services	5,309,671	
Instructional Materials and Supplies	144,655	
Instructional Equipment	13,906	
Total Teacher and Student Interaction Activities		\$ 5,468,232
Other Instructional Activities		482
Pupil Support Services	-	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		-
Instructional Staff Services	1,471	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,471
School Administration	1,963,111	
Less: Equipment for School Administration	-	
Net School Administration		1,963,111
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 7,433,296</u>
Total General Fund Equipment Expenditures (Object 730: Functional Series 1000 - 4000)		<u>\$ 13,906</u>
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem	\$ -	
Renewable Ad Valorem	-	
Debt Service Ad Valorem	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-	
Sales and Use Taxes	-	
Total Local Taxation Revenue		<u>\$ -</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$ -	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		<u>\$ -</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$ -	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenues in Lieu of Taxes		<u>\$ -</u>
<b><u>Revenues from State Sources</u></b>		
State Unrestricted Grants-In-Aid:		
State Public School Fund (MFP) - Excluding School Lunch	\$ 12,892,500	
State Revenue for/on Behalf of LEA:		
Other Revenue for/on Behalf of LEA	-	
Total Revenue from State Sources		<u>\$ 12,892,500</u>
Nonpublic Textbook Revenue	\$ -	
Nonpublic Transportation Revenue	\$ -	

See Independent Auditor's Report.

BBR SCHOOLS, INC.  
 CLASS-SIZE CHARACTERISTICS  
 AS OF OCTOBER 1, 2021

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary	14	4%	38	10%	143	38%		
Elementary Activity Classes	8	2%	34	9%	137	37%		
Middle/ Jr. High								
Middle/ Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

BBR SCHOOLS, INC.  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD  
 JUNE 30, 2022

**Agency Head Name:** DeAnna Rowe

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 34,750
Benefits-Insurance	\$ 2,102
Benefits-Retirement	\$ 1,417
Benefits-Other - Payroll Taxes	\$ 2,642
Car Allowance	\$ -
Vehicle Provided by Entity	\$ -
Per Diem	\$ -
Reimbursements	\$ -
Travel	\$ 5,449
Registration Fees	\$ -
Conference Travel	\$ -
Housing	\$ -
Unvouchered Expenses	\$ -
Special Meals	\$ -
Other	\$ -

BBR SCHOOLS, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022

	BBR Schools	Friends of BASIS Louisiana	Eliminations	Total
<b>ASSETS</b>				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 6,555,001	\$ 316,553	\$ -	\$ 6,871,554
Restricted Cash for Debt Service	-	319,261	-	319,261
Restricted Cash for Repairs and Maintenance	-	19,450	-	19,450
Accounts Receivable:				
Parish School Board	1,362,365	-	-	1,362,365
Other	52,160	-	-	52,160
Due from BBR Schools	-	191,496	(191,496)	-
Prepaid Expenses	163,557	-	-	163,557
<i>Total Current Assets</i>	<u>8,133,083</u>	<u>846,760</u>	<u>(191,496)</u>	<u>8,788,347</u>
<i>Other Assets:</i>				
Restricted Cash for Construction	-	11,640,495	-	11,640,495
Restricted Cash for Debt Reserve	-	39,098	-	39,098
Restricted Investments for Debt Reserve	-	2,132,851	-	2,132,851
Property and Equipment, net	410,599	27,449,791	-	27,860,390
<i>Total Current Assets</i>	<u>410,599</u>	<u>41,262,235</u>	<u>-</u>	<u>41,672,834</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,543,682</u>	<u>\$42,108,995</u>	<u>\$ (191,496)</u>	<u>\$50,461,181</u>
<b>LIABILITIES AND NET ASSETS</b>				
<i>Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	\$ 1,255,952	\$ 22,802	\$ -	\$ 1,278,754
Accrued Interest	-	137,879	-	137,879
Payable to Related Entity BCSI	11,645	-	-	11,645
Payable to Friends of BASIS Louisiana	191,496	-	(191,496)	-
Current Portion of Bonds Payable	-	390,000	-	390,000
<i>Total Current Liabilities</i>	<u>1,459,093</u>	<u>550,681</u>	<u>(191,496)</u>	<u>1,818,278</u>
<i>Long-term Liabilities:</i>				
Bonds Payable (net of current portion)	-	40,955,000	-	40,955,000
Unamortized Bond Premiums	-	1,245,238	-	1,245,238
Unamortized Debt Issuance Costs	-	(1,275,450)	-	(1,275,450)
<i>Total Long-term Liabilities</i>	<u>-</u>	<u>40,924,788</u>	<u>-</u>	<u>40,924,788</u>
<i>Total Liabilities</i>	<u>1,459,093</u>	<u>41,475,469</u>	<u>(191,496)</u>	<u>42,743,066</u>
<i>Net Assets:</i>				
Without Donor Restrictions	6,842,176	633,526	-	7,475,702
With Donor Restrictions	242,413	-	-	242,413
<i>Total Net Assets</i>	<u>7,084,589</u>	<u>633,526</u>	<u>-</u>	<u>7,718,115</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,543,682</u>	<u>\$42,108,995</u>	<u>\$ (191,496)</u>	<u>\$50,461,181</u>

See Independent Auditor's Report.

BBR SCHOOLS, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2022

	BBR Schools		Friends of BASIS Louisiana		Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
	<b>REVENUE</b>					
Contributions	\$ 2,742	\$ 312,845	\$ -	\$ -	\$ -	\$ 315,587
Parish School Board Allotment	12,898,503	-	-	-	-	12,898,503
Federal Grant Revenues	-	887,897	-	-	-	887,897
Other Revenues	480,462	-	974,746	-	(1,073,689)	381,519
	<u>13,381,707</u>	<u>1,200,742</u>	<u>974,746</u>	<u>-</u>	<u>(1,073,689)</u>	<u>14,483,506</u>
Net Assets Released from Restrictions	1,193,899	(1,193,899)	-	-	-	-
<b>TOTAL REVENUE</b>	<u>14,575,606</u>	<u>6,843</u>	<u>974,746</u>	<u>-</u>	<u>(1,073,689)</u>	<u>14,483,506</u>
<b>EXPENSES</b>						
Educational Program	9,954,156	-	1,399,295	-	(1,073,689)	10,279,762
General and Administrative	2,799,550	-	3,826	-	-	2,803,376
Fundraising	25,633	-	-	-	-	25,633
<b>TOTAL EXPENSES</b>	<u>12,779,339</u>	<u>-</u>	<u>1,403,121</u>	<u>-</u>	<u>(1,073,689)</u>	<u>13,108,771</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	1,796,267	6,843	(428,375)	-	-	1,374,735
Gain on Lease Termination	2,293,414	-	-	-	-	2,293,414
Loss on Debt Refinancing	-	-	(181,250)	-	-	(181,250)
<b>CHANGE IN NET ASSETS</b>	4,089,681	6,843	(609,625)	-	-	3,486,899
<b>BEGINNING NET ASSETS</b>	<u>2,752,495</u>	<u>235,570</u>	<u>1,243,151</u>	<u>-</u>	<u>-</u>	<u>4,231,216</u>
<b>ENDING NET ASSETS</b>	<u>\$ 6,842,176</u>	<u>\$ 242,413</u>	<u>\$ 633,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,718,115</u>

See Independent Auditor's Report.

BBR SCHOOLS, INC.  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDING JUNE 30, 2022

	BBR Schools			Friends of BASIS Louisiana		Eliminations	Total
	Program	General & Administrative	Fundraising	Program	General & Administrative		
<b>EXPENSES</b>							
Leased Personnel	\$ 6,032,386	\$ 725,533	\$ 9,617	\$ -	\$ -	\$ -	\$ 6,767,536
Supplies	337,041	95,199	-	-	-	-	432,240
Fundraising	11	5	15,941	-	-	-	15,957
Marketing	-	139,053	-	-	-	-	139,053
Management Fee	1,168,783	630,907	-	-	-	-	1,799,690
Occupancy	1,017,805	437,000	-	32,198	-	-	1,487,003
Office	15,001	11,403	-	-	-	-	26,404
Depreciation & Amortization	296,241	117,387	-	550,100	-	-	963,728
Services	119,197	208,896	75	-	3,802	-	331,970
Travel	1,694	19,398	-	-	-	-	21,092
Information Technology	38,858	35,861	-	-	-	-	74,719
Insurance	124,445	53,333	-	-	-	-	177,778
Other Expenses	380,268	144,535	-	9,042	24	-	533,869
Interest	422,426	181,040	-	807,955	-	(1,073,689)	337,732
<b>TOTAL EXPENSES</b>	<b>\$ 9,954,156</b>	<b>\$ 2,799,550</b>	<b>\$ 25,633</b>	<b>\$ 1,399,295</b>	<b>\$ 3,826</b>	<b>\$ (1,073,689)</b>	<b>\$ 13,108,771</b>

See Independent Auditor's Report.

BBR SCHOOLS, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDING JUNE 30, 2022

	BBR Schools	Friends of BASIS Louisiana	Eliminations	Total
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Cash Received from State and Federal Grantors	\$ 13,137,636	\$ -	\$ -	\$ 13,137,636
Cash Received from Others	787,977	891,784	(882,193)	797,568
Payments to Vendors for Goods and Services	(10,919,154)	(1,814,474)	882,193	(11,851,435)
Payments for Interest	(509,826)	(670,076)	-	(1,179,902)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,496,633</u>	<u>(1,592,766)</u>	<u>-</u>	<u>903,867</u>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>				
Purchase of Investments	-	(2,234,144)	-	(2,234,144)
Purchase of Property and Equipment	(407,431)	(17,893,128)	-	(18,300,559)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(407,431)</u>	<u>(20,127,272)</u>	<u>-</u>	<u>(20,534,703)</u>
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>				
Proceeds from Bonds and Notes Payable	-	46,212,827	-	46,212,827
Premiums Received on Bonded Debt	-	1,266,655	-	1,266,655
Principal Payments on Notes Payable	-	(12,582,066)	-	(12,582,066)
Debt Issuance Costs Paid	-	(1,339,813)	-	(1,339,813)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>33,557,603</u>	<u>-</u>	<u>33,557,603</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	2,089,202	11,837,565	-	13,926,767
<b>BEGINNING CASH</b>	4,465,799	497,292	-	4,963,091
Unrestricted Cash	6,555,001	316,553	-	6,871,554
Restricted Cash	-	12,018,304	-	12,018,304
<b>ENDING CASH</b>	<u>\$ 6,555,001</u>	<u>\$ 12,334,857</u>	<u>\$ -</u>	<u>\$ 18,889,858</u>

See Independent Auditor's Report.

BBR SCHOOLS, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS (CONT.)  
FOR THE YEAR ENDING JUNE 30, 2022

	BBR Schools	Friends of BASIS Louisiana	Eliminations	Total
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Excess of Revenues over Expenses	\$ 1,803,110	\$ (428,375)	\$ -	\$ 1,374,735
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation & Amortization	413,628	550,100	-	963,728
Unrealized Loss on Investments	-	101,292	-	101,292
(Increase) Decrease in Current Assets:				
Accounts Receivable:				
Parish School Board	(648,764)	-	-	(648,764)
Other	(8,072)	7,242	-	(830)
Due from BBR Schools	-	(191,496)	191,496	-
Prepaid Expenses	(105,131)	-	-	(105,131)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Expenses	750,726	(1,769,408)	-	(1,018,682)
Payable to Related Entity BCSI	6,000	-	-	6,000
Payable to Friends of Basis Louisiana	191,496	-	(191,496)	-
Accrued Interest	93,640	137,879	-	231,519
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 2,496,633</u>	<u>\$ (1,592,766)</u>	<u>\$ -</u>	<u>\$ 903,867</u>

See Independent Auditor's Report.

BBR SCHOOLS, INC.  
SCHEDULE OF DEBT COVENANTS  
FOR THE YEAR ENDING JUNE 30, 2022

**DAYS CASH ON HAND**

Total Expenses	\$ 12,779,339
Depreciation and Amortization	<u>(413,628)</u>
Cash Requirements	<u>\$ 12,365,711</u>
Cash and Cash Equivalents	\$ 6,555,001
State Payments Accrued	<u>1,107,461</u>
Available Cash	<u>\$ 7,662,462</u>
Days Cash on Hand	<u><u>226</u></u>

**LEASE PAYMENT COVERAGE RATIO**

Excess of Revenues over Expenses	\$ 1,803,110
Depreciation and Amortization	413,628
Lease Payments	<u>1,045,194</u>
Income Available for Lease Payments	<u>\$ 3,261,932</u>
Lease Payment Coverage Ratio	<u><u>3.1</u></u>

## **COMPLIANCE AND INTERNAL CONTROL**



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
BBR Schools, Inc. (BBR)  
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 BBR, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 30, 2023.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered BBR'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of BBR's internal control. Accordingly, we do not express an opinion on the effectiveness of BBR'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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BBR Schools, Inc.'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 determination of 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 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.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.  
January 30, 2023



# Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
BBR Schools, Inc. (BBR)  
Baton Rouge, Louisiana

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited BBR Schools, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of BBR Schools, Inc.'s major federal programs for the year ended June 30, 2022. BBR Schools, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, BBR Schools, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of BBR Schools, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of BBR Schools, Inc.'s compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to BBR Schools, Inc.'s federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on BBR Schools, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about BBR Schools, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding BBR Schools, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of BBR Schools, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BBR Schools, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.<sup>5</sup>

*Armstrong, Vaughan & Associates, P.C.*

Armstrong, Vaughan & Associates, P.C.

January 30, 2023

BBR SCHOOLS, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified?  Yes  No

Any significant deficiencies identified?  Yes  No

Noncompliance material to financial Statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified?  Yes  No

Any significant deficiencies identified?  Yes  No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. Prior Audit Findings Related to Federal Awards

NONE

BBR SCHOOLS, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through East Baton Rouge Parish School Board</i>			
<i>Expanding Opportunity Through Quality</i>			
Title I Part A	84.010A	N/A	\$ 61,501
<i>Elementary and Secondary School Emergency Relief</i>			
American Rescue Plan ESSER III	84.425U	N/A	29,937
CRSSA ESSER II	84.425D	N/A	216,483
New School Choice Pandemic Response Funding	84.425D	N/A	36,632
CARES Strong Start Grant	84.425D	N/A	8,797
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>353,350</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Louisiana Department of Education</i>			
School Breakfast Program*	10.553	N/A	83,255
National School Lunch Program*	10.555	N/A	445,298
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>528,553</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 881,903</u>
<i>*Indicates Cluster</i>			
Cluster Totals			
Child Nutrition			\$ 528,553
Program Totals			
Elementary and Secondary School Emergency Relief			\$ 291,849

BBR SCHOOLS, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

For all Federal programs, BBR follows generally accepted accounting principles. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned. Once costs are incurred on reimbursement grants, a receivable from the granting agency is recorded. Grant revenues are also considered earned upon the purchase of a capital asset.

BBR does not charge indirect costs and has not elected to use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of BBR Schools, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the BBR Schools, Inc. for the fiscal year ended June 30, 2022 and other data submitted to the Louisiana Department of Education. Management of BBR Schools, Inc. is responsible for its performance and statistical data and other data submitted to the Louisiana Department of Education.

BBR Schools, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing the validity of the data presented for the year ending June 30, 2022. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate to meet for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**General Fund Instructional and Support Expenditures And Certain Local Revenue Sources**

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

**Findings:** None

**Class Size Characteristics**

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

**Findings:** None

### **Education Levels/Experience of Public School staff**

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

**Findings:** None.

### **Public School Staff Data: Average Salaries**

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

**Findings:** None.

We were engaged by BBR Schools, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 information or other data submitted to the Louisiana Board of Education for the year ending June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Armstrong, Vaughan & Associates, P.C.  
February 28, 2023



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of BBR Schools, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2022. BBR Schools, Inc.'s management is responsible for compliance with these requirements.

BBR Schools, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2022. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate to meet for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1. Obtain and inspect BBR Schools, Inc.'s written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Findings:** None

**Board of Finance Committee**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Findings:** None.

### **Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that.
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Findings:** Bank reconciliations for the month selected were not performed timely (within 2 months).

### **Collections (excluding EFTs)**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Findings:** None

**Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases)**

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Findings:** None

**Credit Cards/Debit Cards/Fuel Cards/P-Cards**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Findings:** None

**Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Findings:** None

### **Contracts**

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Findings:** None.

### **Payroll and Personnel**

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Findings:** None

### **Ethics**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a.) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b.) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period.

**Findings:** One of the five employees did not attend ethics training.

### **Debt Service**

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Findings:** None.

### **Fraud Notice**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Findings:** None

### **Information Technology Disaster Recovery/Business Continuity**

25. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium, observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Findings:** None.

### **Sexual Harassment**

26. Using the 5 randomly selected employees or officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Findings:** None.

We were engaged by BBR Schools, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.  
February 28, 2023