

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

Annual Consolidated Financial Statements

June 30, 2020 and 2019



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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School (the School), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School, as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 11, the School has recognized a portion of its Paycheck Protection Program (PPP) loan as revenue as Federal Grants during the year ended June 30, 2020. To the extent that all or part of the School's PPP loan is not forgiven, revenue reversal and changes to loan covenant calculations may occur. Our opinion is not modified with respect to this matter.

As discussed in Note 1, as a result of the application of Accounting Standards Update (ASU) 2014-09, the School recorded an adjustment to retained earnings to de-recognize student class and course fees receivable for which the School's management determined that an enforceable contract did not exist. A cumulative effect adjustment was recorded upon adoption and is presented as Accounting Standards Codification (ASC) Topic 606 Adjustment on the statement of activities for the year ended June 30, 2020.

Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The performance and statistical data, included as Schedules 1 and 2 is not a required part of the basic consolidated financial statements, but is supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
December 31, 2020

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA**
Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 6,776,656	\$ 4,922,565
Grants Receivable	290,983	483,415
Student, Class, and Course Fees Receivable, Net	-	270,052
Promises to Give	57,950	52,775
Prepaid Expenses	85,721	22,533
Total Current Assets	7,211,310	5,751,340
Fixed Assets		
Property and Equipment, Net	935,743	779,926
Total Fixed Assets, Net	935,743	779,926
Total Assets	\$ 8,147,053	\$ 6,531,266
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 428,163	\$ 294,473
Accrued Expenses	247,875	195,643
Notes Payable	74,477	-
Total Current Liabilities	750,515	490,116
Net Assets		
Without Donor Restrictions	6,542,625	5,217,637
With Donor Restrictions	853,913	823,513
Total Net Assets	7,396,538	6,041,150
Total Liabilities and Net Assets	\$ 8,147,053	\$ 6,531,266

The accompanying notes are an integral part of these consolidated financial statements.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA**
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Grants, and Other Support			
State and Local Public School Funding Grants	\$ 9,804,063	\$ -	\$ 9,804,063
Federal Grants	1,698,137	-	1,698,137
Other State Grants	76,031	-	76,031
Contributions	212,775	375,780	588,555
Student Class and Course Fees	354,438	-	354,438
In-Kind Donations	107,084	-	107,084
Student Activity Fees	95,001	-	95,001
Interest Income	12,604	-	12,604
Other Revenue	10,318	-	10,318
Net Assets Released from Restrictions	345,380	(345,380)	-
Total Revenue, Grants, and Other Support	12,715,831	30,400	12,746,231
Expenses			
Program Services			
Student Instruction and Activities	9,883,398	-	9,883,398
Supporting Services			
Management and General	901,022	-	901,022
Fundraising	337,890	-	337,890
Total Expenses	11,122,310	-	11,122,310
Change in Net Assets	1,593,521	30,400	1,623,921
Net Assets, Beginning of Year	5,217,637	823,513	6,041,150
ASC Topic 606 Adjustment	(268,533)	-	(268,533)
Net Assets, End of Year, as Adjusted	\$ 6,542,625	\$ 853,913	\$ 7,396,538

The accompanying notes are an integral part of these consolidated financial statements.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA**
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Grants, and Other Support			
State and Local Public School Funding Grants	\$ 9,460,932	\$ -	\$ 9,460,932
Federal Grants	347,827	-	347,827
Other State Grants	66,708	-	66,708
Contributions	231,363	438,419	669,782
Student Class and Course Fees	476,960	-	476,960
Student Activity Fees	194,533	-	194,533
In-Kind Donations	119,188	-	119,188
Interest Income	15,640	-	15,640
Other Revenue	12,199	-	12,199
Net Assets Released from Restrictions	511,089	(511,089)	-
Total Revenue, Grants, and Other Support	11,436,439	(72,670)	11,363,769
Expenses			
Program Services			
Student Instruction and Activities	10,087,815	-	10,087,815
Supporting Services			
Management and General	862,692	-	862,692
Fundraising	275,572	-	275,572
Total Expenses	11,226,079	-	11,226,079
Change in Net Assets	210,360	(72,670)	137,690
Net Assets, Beginning of Year	5,007,277	896,183	5,903,460
Net Assets, End of Year	\$ 5,217,637	\$ 823,513	\$ 6,041,150

The accompanying notes are an integral part of these consolidated financial statements.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA**
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Student Instruction and Activities</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 5,717,289	\$ 313,840	\$ 178,042	\$ 6,209,171	
Employee Benefits	1,924,599	42,665	53,774	2,021,038	
Materials and Supplies	442,073	146,921	4,070	593,064	
Professional Services	211,679	99,977	79,134	390,790	
Repairs and Maintenance	286,904	95,635	-	382,539	
Student Activities	236,247	-	-	236,247	
Insurance	146,319	48,773	-	195,092	
Admin Fees	193,487	-	-	193,487	
Utilities	100,286	33,429	-	133,715	
Communications	90,559	30,186	10,000	130,745	
Textbooks and Workbooks	124,627	-	-	124,627	
Payroll Tax Expense	103,475	4,948	4,859	113,282	
Depreciation Expense	54,746	18,249	-	72,995	
Dues and Fees	36,634	33,735	1,158	71,527	
Building Lease	59,170	-	-	59,170	
Technology	43,529	14,510	-	58,039	
Meal/Travel	27,233	10,424	241	37,898	
Printing	20,573	6,858	1,885	29,316	
Student Transportation	25,000	-	-	25,000	
Advertising	14,457	761	4,727	19,945	
Food Services	15,835	-	-	15,835	
Other Expenses	8,677	111	-	8,788	
Total Expenses	\$ 9,883,398	\$ 901,022	\$ 337,890	\$ 11,122,310	

The accompanying notes are an integral part of these consolidated financial statements.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA**
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Student Instruction and Activities</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 5,672,641	\$ 235,614	\$ 149,576	\$ 6,057,831	
Employee Benefits	2,057,697	63,060	51,234	2,171,991	
Materials and Supplies	417,541	57,565	674	475,780	
Repairs and Maintenance	252,487	172,310	30,356	455,153	
Professional Services	290,373	96,791	-	387,164	
Student Activities	347,924	-	-	347,924	
Insurance	182,465	-	-	182,465	
Utilities	125,655	41,885	-	167,540	
Admin Fees	99,149	33,050	-	132,199	
Textbooks and Workbooks	94,036	31,345	5,873	131,254	
Dues and Fees	127,904	-	-	127,904	
Communications	102,844	2,756	2,169	107,769	
Payroll Tax Expense	64,042	21,347	-	85,389	
Depreciation Expense and Loss on Disposal	26,688	35,912	960	63,560	
Technology	44,582	14,861	-	59,443	
Building Lease	25,324	25,959	8,150	59,433	
Meal/Travel	59,170	-	-	59,170	
Printing	32,264	10,755	15,806	58,825	
Other Expenses	34,375	-	-	34,375	
Student Transportation	-	18,712	3,775	22,487	
Advertising	14,626	770	6,999	22,395	
Food Services	16,028	-	-	16,028	
Total Expenses	\$ 10,087,815	\$ 862,692	\$ 275,572	\$ 11,226,079	

The accompanying notes are an integral part of these consolidated financial statements.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA**
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,623,921	\$ 137,690
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	72,995	59,442
Bad Debts	8,046	-
Contributions Restricted for Endowment Purposes	(500)	(2,720)
(Increase) Decrease in Assets		
Grants Receivable	192,432	2,453
Student, Class, and Course Fees Receivable	(6,527)	11,192
Promises to Give	(5,175)	1,700
Prepaid Expenses	(63,188)	119,730
Increase (Decrease) in Liabilities		
Accounts Payable	133,690	(240,097)
Accrued Expenses	52,232	23,060
Net Cash Provided by Operating Activities	2,007,926	112,450
Cash Flows from Investing Activities		
Property and Equipment Purchases	(228,812)	(311,996)
Net Cash Used in Investing Activities	(228,812)	(311,996)
Cash Flows from Financing Activities		
Proceeds from Note Payable, PPP Loan	1,620,800	-
Recognition of Note Payable as Refundable Advance, PPP Loan	(1,546,323)	-
Collections of Endowment Gifts	500	2,720
Net Cash Provided by Financing Activities	74,977	2,720
Net Increase (Decrease) in Cash and Cash Equivalents	1,854,091	(196,826)
Cash and Cash Equivalents, Beginning of Year	4,922,565	5,119,391
Cash and Cash Equivalents, End of Year	\$ 6,776,656	\$ 4,922,565

The accompanying notes are an integral part of these consolidated financial statements.

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

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

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

Orleans Parish School Board approved the granting of a charter to the School effective January 1, 2006 for a period ending on December 31, 2011, to operate a Type 3 charter school, as defined in Louisiana Revised Statute 17:3973(3)(b). On June 21, 2011, the OPSB voted to renew the charter for a period of 10 years, expiring on June 30, 2021.

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

Consolidated Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of AAEE, Inc, and its affiliate, Friends of Franklin (Friends). AAEE, Inc. has controlling financial interest through direct ownership of a majority voting interest in Friends and has an economic interest in Friends. Furthermore, Friends and AAEE, Inc. entered into a memorandum of understanding (MOU) on May 14, 2020, which was superseded by a cooperative endeavor agreement (CEA) on October 15, 2020. The CEA defines the relationship between Friends and AAEE, Inc. Significant intercompany transactions and balances have been eliminated in the consolidation. Friends had no activity during the year ended June 30, 2020 nor 2019 and had no statement of financial position as of June 30, 2020 nor 2019.

Basis of Net Asset Presentation

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

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Net Asset Presentation (Continued)

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. The consolidated financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

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

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The payroll expenses that are allocated are allocated based on management's estimate of periodic time and expense evaluations. The allocated non-payroll expenses are allocated based on management's knowledge that roughly 75% of the operations can be attributed to providing an education to the 990 students enrolled. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School. Expenses allocated during the years ended June 30, 2020 and 2019 include salaries, employee benefits, payroll tax expense, repairs and maintenance, utilities, advertising, communications, technology, printing, insurance, and depreciation.

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. For purposes of the statements of cash flows, the School classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. For the years ended June 30, 2020 and 2019, the School did not have any cash equivalents.

Grants Receivable

The grants receivable is stated at the amount management expects to collect on outstanding balances. The consolidated financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all grants receivable is collectible.

Student, Class, and Course Fees Receivable

Effective with the School's adoption of Accounting Standards Codification (ASC) Topic 606 as of July 1, 2019, the School no longer records receivables associated with student fees, class fees, and course fees. Rather, such fees are now recognized into revenue in the period received. The School's management determined that an enforceable contract for these funds did not exist. See Recent Accounting Pronouncements - Adopted included within Note 1.

Property, Equipment, and Depreciation

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

Compensated Absences

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

All other employees receive the same provisions for compensated absences as those under the collective bargaining agreement (CBA), with the exception of the executive cabinet members, who receive twenty vacation days. Compensated absences and the related benefits accrued as of June 30, 2020 and 2019, totaled \$266,623 and \$208,790, respectively, which are included in accrued expenses on the consolidated statements of financial position.

Revenues, Grants, and Other Support

State and Local Public School Funding

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

Federal and Other State Grants

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

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

In-Kind Donations

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was \$107,084 and \$119,188, for the years ended June 30, 2020 and 2019, respectively, and included donations of classroom and building improvements, laptops and other computer equipment, musical instruments, books, vacations to be raffled, registration for academic related competitions, and other items.

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues, Grants, and Other Support (Continued)

Other Income

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

Contracts vs. Contributions

The School utilizes the guidance in Accounting Standards Update (ASU) 2018-08 in the assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the School. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the school year, which is simultaneous with the fiscal year. The School believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to student activity fees, class fees, and course fees. The School measures the performance obligation throughout the school year. Revenue for performance obligations satisfied at a point in time, which include mainly income from meals and are generally immaterial, are recognized when services are provided. The School determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

Income Taxes

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

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The School believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

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

Fundraising Expenses

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising

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

Reversionary Interest in Funds and Assets

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

Recent Accounting Pronouncements - Adopted

In June 2019, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarified and improved current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. ASU 2018-08 was effective for the School on July 1, 2019.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 supersedes most current revenue recognition guidance, including industry-specific guidance, and requires expanded disclosures about revenue recognition to enable financial statement users to understand the nature, timing, amount, and uncertainty of revenue and cash flow arising from contracts with customers. The School implemented ASU 2014-09 using a modified retrospective method of application to all contracts. The School performed an analysis of revenue streams and transactions under ASU 2014-09. In particular, for student activity fees, class fees, and course fees, the School performed an analysis into the application of the portfolio approach as a practical expedient to group contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The adoption of ASU 2014-09 resulted in changes to the revenue recognition process and the disclosure of revenue related to student activity fees, class fees, and course fees. As a result of the application of ASU 2014-09, the School recorded an adjustment to retained earnings totaling \$268,533 to de-recognize student class and course fees receivable for which the School's management determined that an enforceable contract did not exist. A cumulative effect adjustment was recorded upon adoption and is presented as ASC Topic 606 Adjustment on the statement of activities for the year ended June 30, 2020.

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Not Yet Adopted

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2020. Management is currently evaluating the impact of adopting the new revenue standard on its consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported changes in net assets.

Liquidity and Availability

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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 5,922,743	\$ 4,099,052
Grants Receivable	290,983	483,415
Student, Class, and Course Fees Receivable, Net	-	270,052
Total	\$ 6,213,726	\$ 4,852,519

Note 2. Concentrations of Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be recovered. The School periodically maintains cash in bank accounts in excess of insured limits. However, the School has a written policy for custodial credit risk requiring collateralization of uninsured cash deposits. As of June 30, 2020 and 2019, the School's bank balances were \$6,724,626 and \$4,933,891, respectively.

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

Notes to Consolidated Financial Statements

Note 2. Concentrations of Risk (Continued)

As of June 30, 2020 and 2019, balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to \$250,000 per financial institution, totaled approximately \$746,909 and \$746,662, respectively. The remaining deposits of \$5,977,717 and \$4,187,229, respectively, were uninsured. As of June 30, 2020 and 2019, deposits of \$4,417,327 and \$4,132,736, respectively, were invested in a repurchase agreement as part of an overnight sweep account. These invested deposits were not FDIC insured but were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School's name. Remaining uninsured and uncollateralized deposits as of June 30, 2020 and 2019 total \$1,560,390 and \$201,392, respectively. The School has not experienced any losses and does not believe that significant credit risk exists as a result of its cash management practices.

The School received a substantial amount of its revenue through grants awarded by the federal, state, and local governments for the years ended June 30, 2020 and 2019, which totaled \$11,578,231, or 91%, and \$9,875,467, or 87%, of total revenue, respectively.

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

Note 3. Cash and Cash Equivalents

The School's cash and cash equivalents (book balances) at June 30, 2020 and 2019, were \$6,776,656 and \$4,922,565, respectively, which are stated at cost and approximate market.

Note 4. Property and Equipment

Property and equipment composition as of June 30, 2020 and 2019, was as follows:

	2020	2019
Building and Building Improvements	\$ 960,274	\$ 510,388
Machinery and Equipment	589,363	581,906
Site Improvements	198,385	198,385
Construction in Progress	-	228,532
	<u>1,748,022</u>	<u>1,519,211</u>
Less: Accumulated Depreciation	<u>(812,279)</u>	<u>(739,285)</u>
Property and Equipment, Net	<u><u>\$ 935,743</u></u>	<u><u>\$ 779,926</u></u>

Depreciation expense for the years ended June 30, 2020 and 2019, totaled \$72,995 and \$59,442, respectively.

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

Notes to Consolidated Financial Statements

Note 5. Retirement Plan

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123. At June 30, 2019, the TRSL was 67.1% funded.

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

For the years ended June 30, 2020 and 2019, participants were required to contribute 8% of their annual covered payroll to the plan and the School was required to contribute 26.0% and 26.7%, respectively, of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement System's Actuarial Committee. For the years ended June 30, 2020 and 2019, the School's contributions to this plan totaled \$1,431,594 and \$1,515,140, respectively.

Note 6. Endowment Fund

The Endowment

The School's endowment fund (the Endowment) was established primarily for the purpose of maintaining the School and consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As required by generally accepted accounting principles in the United States of America (U.S. GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The School accounts for donor-restricted funds consistent with the provisions of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Louisiana.

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

Notes to Consolidated Financial Statements

Note 6. Endowment Fund (Continued)

The Endowment (Continued)

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

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

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

Endowment net asset composition as of June 30, 2020 and 2019 was as follows:

June 30, 2020	With Donor Restrictions
Donor-Restricted Funds	\$ 145,981
June 30, 2019	With Donor Restrictions
Donor-Restricted Funds	\$ 145,481

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

Notes to Consolidated Financial Statements

Note 6. Endowment Fund (Continued)

The Endowment (Continued)

Changes in endowment net assets for the years ended June 30, 2020 and 2019 were as follows:

June 30, 2020	With Donor Restrictions
Net Assets, Beginning of Year	\$ 145,481
Contributions	500
Net Assets, End of Year	\$ 145,981
June 30, 2019	With Donor Restrictions
Net Assets, Beginning of Year	\$ 142,661
Contributions	2,820
Net Assets, End of Year	\$ 145,481

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the School to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations. There were no such deficiencies as of June 30, 2020 or 2019.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How Investment Objectives Relate to the Spending Policy

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

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

Notes to Consolidated Financial Statements

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made, unless perpetually restricted. None of the net assets are time-restricted by donors. Net assets with donor restrictions as of June 30, 2020 and 2019, are available for the following purposes:

	2020	2019
Athletics	\$ 287,355	\$ 477,769
Class Reunion Gifts	144,923	29,097
Scholarship	73,098	58,518
After School Activities	65,325	47,840
Academics	59,932	45,313
STEAM Building	50,000	-
Library	17,661	10,187
Guidance	5,567	6,220
Auditorium	3,088	3,088
Building Maintenance	943	-
Professional Development	40	-
Perpetual Endowment	145,981	145,481
Total	\$ 853,913	\$ 823,513

As discussed in Note 6, perpetually restricted net assets of \$145,981 and \$145,481 as of June 30, 2020 and 2019, respectively, relate to an operating endowment to be held in perpetuity. The income from endowment investments is expendable for operations.

Note 8. Union Contracts

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

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

Notes to Consolidated Financial Statements

Note 8. Union Contracts (Continued)

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

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

Note 9. School Operations/Leasehold Interest

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

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

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

The School entered into a separate lease agreement with the University of New Orleans (UNO), a related party, for additional classroom space. UNO is considered a related party as the president of UNO is a board member for the School. On August 1, 2020, the lease was extended through July 31, 2021. The lease requires monthly payments of \$4,931 during the lease period.

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

Notes to Consolidated Financial Statements

Note 9. School Operations/Leasehold Interest (Continued)

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2021	\$ 59,172
Thereafter	<u>4,931</u>
Total	<u>\$ 64,103</u>

Note 10. Risks, Uncertainties, and Risk Management

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee/student injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2020 or 2019.

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

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

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

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

Notes to Consolidated Financial Statements

Note 11. Paycheck Protection Program (PPP) Loan

On April 17, 2020, the School entered into a U.S. Small Business Association (SBA) Payroll Protection Program Loan with Liberty Bank in the amount of \$1,620,800, at an interest rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the School's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the School. The School intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and, commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

The Organization has accounted for its PPP Loan transaction in accordance with FASB ASC Topic 958-605, *Not-for-Profit Entities - Revenue Recognition*, which indicates income is recognized when it is considered that there is reasonable assurance the grant will be received and all necessary qualifying conditions, as stated in the PPP Loan, are met. The Organization has elected to account for and recognize the use of this PPP Loan on a pro-rata basis within the statement of activities and changes in net assets based on the qualifying expenses incurred prior to June 30, 2020. The School has recognized \$1,546,323 (95%) of its PPP Loan as federal grant income for the year ended June 30, 2020. The remaining portion of the PPP Loan not yet recognized as federal grant income totaled \$74,477 as of June 30, 2020, and is recorded as Notes Payable on the statement of financial position.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 31, 2020, and determined that no events occurred that require disclosure.

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

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual consolidated financial statements of the School for the fiscal year ended June 30, 2020, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514-1. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/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 (Schedule 2)

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

Findings: None.

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

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a 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: For one (1) employee selected, we noted that their years of experience reported on the PEP report did not agree to their personnel file.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a 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: For one (1) employee selected, we noted that their salary reported on the PEP report did not agree to their personnel file.

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

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
December 31, 2020

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2020

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

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

Schedule 2 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1 - 20, 21 - 26, 27 - 33, and 34+ students.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 3,335,311	
Other Instructional Staff Salaries	340,565	
Instructional Staff Employee Benefits	1,338,802	
Purchased Professional and Technical Services	24,527	
Instructional Materials and Supplies	151,068	
Instructional Equipment	4,951	
	<hr/>	
Total Teacher and Student Interaction Activities		\$ 5,195,224
Other Instructional Activities		73,871
Pupil Support Services	739,187	
Less: Equipment for Pupil Support Services	-	
	<hr/>	
Net Pupil Support Services		739,187
Instructional Staff Services	132,731	
Less: Equipment for Instructional Staff Services	6,700	
	<hr/>	
Net Instructional Staff Services		126,031
School Administration	2,432,348	
Less: Equipment for School Administration	-	
	<hr/>	
Net School Administration		2,432,348
		<hr/>
Total General Fund Instructional Expenditures		\$ 8,566,661
		<hr/>
Total General Fund Equipment Expenditures		\$ 11,651

Certain Local Revenue Sources

Local Taxation Revenue		
Constitutional Ad Valorem Taxes	\$ -	
Renewable Ad Valorem Tax	-	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-	
Sales and Use Taxes	-	
	<hr/>	
Total Local Taxation Revenue		\$ -
		<hr/>
Local Earnings on Investment in Real Property		
Earnings from 16th Section Property	\$ -	
Earnings from Other Real Property	-	
	<hr/>	
Total Local Earnings on Investment in Real Property		\$ -
		<hr/>
State Revenue in Lieu of Taxes		
Revenue Sharing - Constitutional Tax	\$ -	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
	<hr/>	
Total State Revenue in Lieu of Taxes		\$ -
		<hr/>
Nonpublic Textbook Revenue	\$ -	
Nonpublic Transportation Revenue	-	
	<hr/>	
		\$ -

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

ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2019

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
High	45%	141	52%	164	3%	11	0%	0
High Activity Classes	38%	30	31%	24	17%	13	14%	11

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

SUPPLEMENTARY INFORMATION

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2020**

<u>Board Members</u>	<u>Compensation</u>
Mr. Lester F. Alexander III, Past President (resigned November 7, 2019)	\$-0-
Mr. Sean A. Blondell	\$-0-
Mrs. Jill E. Condon	\$-0-
Mrs. Alea M. Cot, Secretary/Treasurer	\$-0-
Mrs. Charmaine Cooper Hussain	\$-0-
Mr. Richard M. Ireland	\$-0-
Mrs. Tandra LeMay	\$-0-
Mr. Jonathan L. Levy	\$-0-
Mrs. Jennifer Mann (resigned December 6, 2019)	\$-0-
Mr. Allen Miller	\$-0-
Dr. John W. Nicklow	\$-0-
Mr. Todd Ragusa	\$-0-
Mr. Allen Square Jr.	\$-0-
Mr. Stephen Tyler	\$-0-
Mrs. Dominique Lang Verner	\$-0-
Mr. Carlos Zervigon, President	\$-0-
Mr. Min D. Yang	\$-0-

See independent auditor's report.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2020**

Agency Head
Dr. Patrick Widhalm, Principal

Purpose	Amount
Salary	\$175,050
Benefits - Retirement	\$46,738
Benefits - Insurance	\$7,321
Contract Agreement	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$1,983
Travel	\$1,055
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Meals	\$0

See independent auditor's report.

**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
Advocates for Academic Excellence in Education, Inc.
and Affiliate d/b/a Benjamin Franklin High School
New Orleans, 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 consolidated financial statements of Advocates for Academic Excellence in Education, Inc. and Affiliate, d/b/a Benjamin Franklin High School (the School), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
December 31, 2020

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA**
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

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

Section II. Internal Control Over Financial Reporting

None.

Section III. Compliance and Other Matters

None.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2020**

Section II. Internal Control Over Financial Reporting

None.

Section III. Compliance and Other Matters

None.