

**SIGNIFICANT EDUCATORS dba MARY MCLEOD
BETHUNE ELEMENTARY CHARTER SCHOOL
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Significant Educators dba
Mary McLeod Bethune Elementary Charter School
New Orleans, LA 70122

Report on the Financial Statements

We have audited the accompanying financial statements of Significant Educators (a non-profit organization) dba Mary McLeod Bethune Elementary Charter School (hereafter Bethune Charter School), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethune Charter School as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Awards*, and Schedule of Compensation, Benefits and other Payments to the School Leader, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Performance and Statistical Data are not required parts of the basic financial statements but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2021, on our consideration of Bethune Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 Bethune Charter 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 Bethune Charter School's internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC
Baton Rouge, LA

November 7, 2021

BETHUNE CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 4,568,482	\$ 2,861,660
Accounts receivable, net	900,099	1,434,918
Prepaid expenses	74,465	59,734
Total Current Assets	<u>5,543,046</u>	<u>4,356,312</u>
Property and Equipment		
Equipment	449,203	203,839
Less: accumulated depreciation	<u>(153,449)</u>	<u>(51,299)</u>
Total Property and Equipment	<u>295,754</u>	<u>152,540</u>
Total Assets	<u>\$ 5,838,800</u>	<u>\$ 4,508,852</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 112,145	\$ 62,362
Accrued expenses	323,633	37,904
Accrued salaries and benefits	488,922	472,422
Note payable, current portion	-	118,969
Total Current Liabilities	<u>924,700</u>	<u>691,657</u>
Long-Term Liabilities		
Note payable, net of current portion	-	872,556
Total Long-Term Liabilities	<u>-</u>	<u>872,556</u>
Total Liabilities	924,700	1,564,213
Net Assets Without Donor Restrictions	<u>4,914,100</u>	<u>2,944,639</u>
Total Liabilities and Net Assets	<u>\$ 5,838,800</u>	<u>\$ 4,508,852</u>

See accompanying notes and independent auditors' report.

BETHUNE CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 6,507,461	\$ -	\$ 6,507,461
Federal grants	1,310,767	-	1,310,767
State grants	261,734	-	261,734
Contributions	17,500	-	17,500
Student activities	39,865	-	39,865
PPP loan forgiveness	991,525	-	991,525
Other	32,245	-	32,245
Total Revenues	<u>9,161,097</u>	<u>-</u>	<u>9,161,097</u>
EXPENSES			
Program expenses	6,671,753	-	6,671,753
General and administrative	519,883	-	519,883
Total Expenses	<u>7,191,636</u>	<u>-</u>	<u>7,191,636</u>
CHANGE IN NET ASSETS	1,969,461	-	1,969,461
Net assets - beginning of year	2,944,639	-	2,944,639
Net assets - end of year	<u>\$ 4,914,100</u>	<u>\$ -</u>	<u>\$ 4,914,100</u>

See accompanying notes and independent auditors' report.

BETHUNE CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 6,368,254	\$ -	\$ 6,368,254
Federal grants	1,162,472	-	1,162,472
State grants	269,767	-	269,767
Private grants	40,883	-	40,883
Student activities	137,861	-	137,861
Other	172,829	-	172,829
Total Revenues	<u>8,152,066</u>	<u>-</u>	<u>8,152,066</u>
EXPENSES			
Program expenses	6,255,482	-	6,255,482
General and administrative	615,546	-	615,546
Total Expenses	<u>6,871,028</u>	<u>-</u>	<u>6,871,028</u>
CHANGE IN NET ASSETS	1,281,038	-	1,281,038
Net assets - beginning of year	1,663,601	-	1,663,601
Net assets - end of year	<u>\$ 2,944,639</u>	<u>\$ -</u>	<u>\$ 2,944,639</u>

See accompanying notes and independent auditors' report.

**BETHUNE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Expenses</u>	<u>General & Administrative</u>	<u>Total</u>
Curriculum materials and software	\$ 114,660	\$ -	\$ 114,660
Depreciation	81,720	20,430	102,150
Employee benefits	1,083,394	77,163	1,160,557
Equipment & furniture	22,216	5,554	27,770
Food service	12,437	-	12,437
Insurance	246,708	50,355	297,063
Miscellaneous	32,305	8,076	40,381
Payroll taxes	68,156	4,352	72,508
Professional development	49,881	-	49,881
Rent	17,906	4,476	22,382
Repairs and maintenance	146,870	36,718	183,588
Salaries	3,620,017	187,595	3,807,612
Student activities	34,786	-	34,786
Supplies	87,008	27,777	114,785
Technical and professional services	729,423	63,324	792,747
Transportation	188,013	-	188,013
Utilities	136,253	34,063	170,316
	<u>\$ 6,671,753</u>	<u>\$ 519,883</u>	<u>\$ 7,191,636</u>

See accompanying notes and independent auditors' report.

**BETHUNE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Expenses</u>	<u>General & Administrative</u>	<u>Total</u>
Curriculum materials and software	\$ 176,979	\$ -	\$ 176,979
Depreciation	37,870	9,467	47,337
Dues and subscriptions	20,089	5,022	25,111
Employee benefits	1,134,766	67,669	1,202,435
Equipment & furniture	5,832	1,458	7,290
Food service	10,714	-	10,714
Insurance	145,143	36,286	181,429
Janitorial	14,874	3,719	18,593
Miscellaneous	13,028	3,238	16,266
Payroll taxes	92,752	3,983	96,735
Professional development	45,066	-	45,066
Rent	15,538	3,885	19,423
Repairs and maintenance	115,475	28,869	144,344
Salaries	3,577,287	96,577	3,673,864
Student activities	82,571	-	82,571
Supplies	38,091	9,283	47,374
Technical and professional services	341,794	320,543	662,337
Transportation	285,425	-	285,425
Utilities	102,188	25,547	127,735
	<u>\$ 6,255,482</u>	<u>\$ 615,546</u>	<u>\$ 6,871,028</u>

See accompanying notes and independent auditors' report.

**BETHUNE CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,969,461	\$ 1,281,038
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>		
Depreciation	102,150	47,337
PPP loan forgiveness	(991,525)	-
Decrease (Increase) in accounts receivable	534,819	(304,626)
Increase in prepaid expenses	(14,731)	(22,820)
Increase (Decrease) in accounts payable	49,783	(15,900)
Increase (Decrease) in accrued expenses	285,729	(141,720)
Increase in accrued salaries and benefits	16,500	22,404
Total adjustments	<u>(17,275)</u>	<u>(415,325)</u>
Net cash provided by operating activities	1,952,186	865,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(245,364)</u>	<u>(177,846)</u>
Net cash used in investing activities	(245,364)	(177,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	<u>-</u>	<u>991,525</u>
Net cash provided by financing activities	<u>-</u>	<u>991,525</u>
INCREASE IN CASH	1,706,822	1,679,392
CASH, BEGINNING OF YEAR	<u>2,861,660</u>	<u>1,182,268</u>
CASH, END OF YEAR	<u><u>\$ 4,568,482</u></u>	<u><u>\$ 2,861,660</u></u>

See accompanying notes and independent auditors' report.

**BETHUNE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies

(a) Organization

Bethune Charter School (the School) was incorporated on August 15, 2017 as a non-profit corporation under the laws of the State of Louisiana. The school was approved as a Type 3 charter by the Orleans Parish School Board (OPSB) on July 1, 2018. The School first opened for students beginning with the 2018-2019 school year.

The charter contract is effective for an initial period of five years and will terminate on June 30, 2023 unless extended for a maximum of five years contingent upon the results of a review by the OPSB of the School's operations and compliance.

(b) Basis of Accounting

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

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

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

(c) Revenues

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

Federal and state funds are passed through both the Louisiana Department of Education. The School's federal grant funding is on a cost reimbursement basis and is recognized as earned once the expenditures have been incurred, at which time all performance obligations have also been satisfied.

The School has determined that all performance obligations pertaining to unconditional promises to give are satisfied at the time of collection. Conditional promises to give, with a measurable performance or other barrier and a right of return are satisfied once the conditions on which they depend have been met. The School does not have any activity that would give rise to variable consideration.

**BETHUNE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes.

(e) Accounts Receivable

Accounts receivable represent amounts due under federal and state grant programs and, at times, contributions. The grant programs are reimbursable in nature and revenue is recognized as a receivable once the expenditures are incurred.

Contributions are recognized at estimated fair value when the donor makes a pledge to give when it is an unconditional promise. The School does not recognize a conditional promise to give until the conditions upon which the promise depends are substantially met. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. Any discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received. There was \$0 and \$21,063 in bad debt expense for the years ended June 30, 2021 and 2020, respectively.

(f) Functional Expenses

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

(g) Income Taxes

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

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School files information returns in the U.S. federal jurisdiction. The School is not subject to U.S. federal income tax examinations by tax authorities beyond three years from the filing of those returns.

**BETHUNE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (continued)

(h) Use of Estimates

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

2. Concentrations

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The School maintains cash in financial institutions which often exceed the FDIC limits. Management does not believe that it is exposed to any significant credit risk on uninsured amounts.

The School receives the majority of its operating revenue from the State of Louisiana and the OPSB in the form of MFP funding. The School also receives grants from federal agencies, state agencies, and private foundations. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

	<u>Revenue</u>	<u>Receivables</u>
2021		
MFP	71%	N/A
Federal Grants	14%	75%
State Grants	N/A	25%
PPP Loan Forgiveness	11%	N/A
2020		
MFP	78%	N/A
Federal Grants	14%	84%
State Grants	N/A	16%

3. Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the least term. The useful lives range from three to five years. The School's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and fixed assets that in aggregate are greater than \$10,000. The School expenses normal repairs and maintenance as incurred.

All assets acquired with public funds are the property of the School for the duration of the charter. If the charter is revoked or surrendered, or the School otherwise ceases to operate, all assets purchased with public funds will automatically revert to full ownership by BESE or the appropriate agency.

Depreciation expense was \$102,150 and \$47,337 for the years ended June 30, 2021 and 2020, respectively.

**BETHUNE CHARTER SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

4. Compensated Absences

Employees earn paid time off based on various factors such as length of service and job title. Any unused paid time off is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2021 or 2020.

5. Retirement Plan

The School offers a retirement benefit plan with the Teacher's Retirement System of Louisiana (TRSL) for employees that are eligible to participate and operates as a defined benefit contribution pension plan. TRSL issues a its own separate financial statements and supplementary information which are publicly available and can be obtained by writing or calling the plan.

Teachers' Retirement System of Louisiana
 Post Office Box 94123
 Baton Rouge, LA 70804-9123
 (225) 925-6446

Benefits vest after five years of service for participants age sixty or older and after 20 years of service for all other participants. Benefits under the plan are established and amended by state statute. Retirement benefits are based upon the employee's age, last three years of compensation, and the total number of years the participant was contributing to the TRSL. Once participants reach retirement age a total of eight different payout options are available. The plan also provides death and disability benefits for surviving spouses or disabled employees.

The School and all participating employees are required by state statute to contribute fixed percentages of employees' gross earnings to the pension plans. Current contribution rates for the plan are as follows:

	<u>Employee</u>	<u>Employer</u>
Fiscal Year 2021	8.00%	25.80%
Fiscal Year 2020	8.00%	26.00%

The School's contributions for the years ended June 30, 2021 and 2020 were \$872,055 and \$941,456, respectively.

6. Commitments and Contingencies

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

7. Subsequent Event

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 7, 2021, which is the date the financial statements were available to be issued.

**BETHUNE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

8. Liquidity and Availability of Financial Assets

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

Financial Assets at Year End:	2021	2020
Cash	\$ 4,568,482	\$ 2,861,660
Accounts Receivable, net	900,099	1,434,918
Financial Assets Available for General Expenditures	<u>\$ 5,468,581</u>	<u>\$ 4,296,578</u>

As part of the School's liquidity management, cash is kept in various checking accounts that can be accessed to meet daily needs of the organization.

9. PPP Loan

During fiscal year 2019 the School received a Payroll Protection Program (PPP) loan from the SBA in the amount of \$991,525. The purpose of this loan was to maintain payroll and other operating expenses during the COVID-19 pandemic. The terms of the loan allow for the amount to be forgiven in full if the funds are used for payroll and certain operating expenses. Terms for forgiveness were substantially met with the full balance being recorded as revenue as of June 30, 2020.

10. Risk and Uncertainties

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, the School is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

11. Reclassification

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

**BETHUNE CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education			
Passed Through Orleans Parish School Board			
Supporting Effective Instruction State Grants	84.367	N/A	\$ 8,175
Title 1 Grants to Local Educational Agencies	84.010	N/A	477,158
Direct Student Services	84.010A	N/A	52,976
Education Stabilization Fund			
Governor's Emergency Education Relief Fund	84.425C	N/A	11,210
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	522,124
Higher Education Institutional Aid	84.031	N/A	2,730
Student Support and Academic Enrichment Program	84.424	N/A	4,000
Total Passed Through Orleans Parish School Board			1,078,373
Passed Through National Institute for Excellence in Teaching (NIET)			
Teacher and School Leader Incentive Grants	84.374	N/A	232,394
Total Passed Through NIET			232,394
Total U.S. Department of Education			1,310,767
Total Expenditures of Federal Awards			\$ 1,310,767

See accompanying notes to schedule of expenditures of federal awards.

**BETHUNE CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal activity of Significant Educators dba Mary McLeod Bethune Elementary Charter School (the School) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The School has elected not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

**BETHUNE CHARTER SCHOOL
 SCHEDULE OF COMPENSATION, BENEFITS, AND
 OTHER PAYMENTS TO THE SCHOOL LEADER
 FOR THE YEAR ENDED JUNE 30, 2021**

School Leader:	M. Haynes-Smith
Salary	\$ 144,252
Stipends	2,977
Benefits - Insurance	7,453
Reimbursements	1,266
	<u>\$ 155,948</u>

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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

Board of Directors
Significant Educators dba
Mary McLeod Bethune Elementary Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Significant Educators (a non-profit organization) dba Mary McLeod Bethune Elementary Charter School (hereafter Bethune Charter School), which comprise the statement of financial position as of June 30, 2021, 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 November 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bethune Charter School'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 Bethune Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bethune Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, and others within the organization, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Daigrepoint & Brian APAC".

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 7, 2021

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Significant Educators dba
Mary McLeod Bethune Elementary Charter School

Report on Compliance for Each Major Federal Program

We have audited Significant Educators dba Mary McLeod Bethune Elementary Charter School (Bethune Charter School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bethune Charter School's major federal programs for the year ended June 30, 2021. Bethune Charter School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bethune Charter School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bethune Charter School's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinion on compliance for major federal programs. However, our audit does not provide a legal determination on Bethune Charter School's compliance.

Opinion on Each Major Federal Program

In our opinion Bethune Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Bethune Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bethune Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bethune Charter School's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepont & Brian, APAC
Baton Rouge, LA

November 7, 2021

**BETHUNE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

We have audited the financial statements of Significant Educators dba Mary McLeod Bethune Elementary Charter School as of June 30, 2021, and for the year then ended, and have issued our report thereon dated November 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance. Our audit of the financial statements as of June 30, 2021 resulted in an unmodified opinion.

Summary of Auditors' Reports

A. Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between Type A and Type B	\$ 750,000
Is the auditee a 'low risk' auditee as defined by the Uniform Guidance	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	
Material Weaknesses	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Significant Deficiencies	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Compliance with Provisions of Laws, Regulation, Contracts or Grant Agreements	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

C. Report on Each Major Federal Program and on Internal Control Over Compliance

Internal Control	
Material Weaknesses	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Significant Deficiencies	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Type of Opinion on Compliance for Each Major Program	
84.425 - Education Stabilization Fund	Unmodified
Are there findings required to be reported in accordance with the Uniform Guidance	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Findings - Financial Statement Audit

There are no findings for the year ended June 30, 2021.

Questioned Costs

There are no questioned costs for the year ended June 30, 2021.

See accompanying notes and independent auditors' report.

**BETHUNE CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Summary of Prior Audit Findings

2020-01 - Internal Controls - Omission of Checking Account

Status: The finding related to the omission of checking account has been resolved.

Summary of Prior Questioned Costs

There were no questioned cost for the year ended June 30, 2020.

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Significant Educators dba
Mary McLeod Bethune Elementary Charter School

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Significant Educators (a non-profit organization) dba Mary McLeod Bethune Elementary Charter School (hereafter Bethune Charter School) and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Bethune Charter School for the fiscal year ended June 30, 2021; and to determine specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Bethune Charter School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

Procedure #1

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

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

Results of Procedure #1

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

Class Size Characteristics (Schedule 2)

Procedure #2

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

Results of Procedure #2

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

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

Procedure #3

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

Results of Procedure #3

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

Public School Staff Data: Average Salaries (No Schedule)

Procedure #4

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

Results of Procedure #4

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

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

This purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Bethune Charter 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 Legislative Auditor as a public document.



Daigrepoint & Brian
Baton Rouge, LA

November 7, 2021

BETHUNE CHARTER SCHOOL
NEW ORLEANS, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2021

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

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

Schedule 2 – Class Size Characteristics

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

**BETHUNE CHARTER SCHOOL
NEW ORLEANS, LA**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2021**

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,010,530	
Other Instructional Staff Activities	-	
Instructional Staff Employee Benefits	941,105	
Purchased Professional and Technical Services	771,696	
Instructional Materials and Supplies	169,449	
Instructional Equipment	<u>248,326</u>	
Total Teacher and Student Interaction Activities		5,141,106
Pupil Support Activities		
Less: Equipment for Pupil Support Activities	<u>186,533</u>	
Net Pupil Support Activities		186,533
Instructional Staff Services		
Less: Equipment for Instructional Staff Services	<u>221,636</u>	
Net Instructional Staff Services		221,636
School Administration		
Less: Equipment for School Administration	<u>1,730,830</u>	
Net School Administration		<u>1,730,830</u>
Total General Fund Instructional Expenditures		<u>\$ 7,280,105</u>
Total General Fund Equipment Expenditures		<u>\$ 2,387,325</u>

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

**BETHUNE CHARTER SCHOOL
NEW ORLEANS, LA**

**Class Size Characteristics
As of October 1, 2020**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	5%	10	92%	162	3%	5	0%	-
Combination Activity Classes	11%	3	89%	25	0%	-	0%	-

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