

**THRIVE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
JUNE 30, 2016**

Table of Contents

Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-10
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to the Executive Director	11
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 <i>Government Auditing Standards</i>	12-13
Schedule of Findings and Questioned Costs	14

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Thrive Foundation
Baton Rouge, LA

Report on the Financial Statements

We have audited the accompanying financial statements of Thrive Foundation (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 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 Thrive Foundation as of June 30, 2016, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director, is presented for purposes of additional analysis and is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2018 on our consideration of Thrive Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Thrive Foundation's internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC
Baton Rouge, Louisiana

May 3, 2018

THRIVE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 1
Total Current Assets	<u>1</u>

Property and Equipment

Land	1,200,000
Construction in progress	<u>6,015,195</u>
Total Property and Equipment	<u>7,215,195</u>

Total Assets	<u><u>\$ 7,215,196</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 21,095
Accrued liabilities	91,184
Construction line of credit	<u>4,157,192</u>
Total Current Liabilities	<u>4,269,471</u>

Total Liabilities	<u>4,269,471</u>
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Net Assets

Unrestricted net assets	<u>2,945,725</u>
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Total Liabilities and Net Assets	<u><u>\$ 7,215,196</u></u>
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See accompanying notes and independent auditors' report.

**THRIVE FOUNDATION
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE PERIOD ENDING JUNE 30, 2016**

REVENUES

Contributions from Thrive Baton Rouge	\$ 1,256,330
Forgiveness of debt due to Thrive Baton Rouge	500,100
State Funding	<u>1,200,000</u>
Total Revenues	<u>\$ 2,956,430</u>

EXPENSES

Program services	\$ 8,029
Management and general	<u>2,676</u>
Total Expenses	<u>10,705</u>

CHANGE IN NET ASSETS

	2,945,725
Net assets - beginning of year	<u>-</u>
Net assets - end of year	<u><u>\$ 2,945,725</u></u>

See accompanying notes and independent auditors' report.

**THRIVE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDING JUNE 30, 2016**

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Consultants	8,029	2,676	10,705
	<u>\$ 8,029</u>	<u>\$ 2,676</u>	<u>\$ 10,705</u>

See accompanying notes and independent auditors' report.

**THRIVE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDING JUNE 30, 2016**

	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 2,945,725
Adjustments to reconcile net revenues over expenses to net cash (used in) provided by operating activities:	
Increase in accounts payable	21,095
Increase in accrued liabilities	<u>91,184</u>
Net cash (used in) provided by operating activities	<u>3,058,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Property and equipment purchases	<u>(7,215,195)</u>
Net cash used in investing activities	<u>(7,215,195)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from construction line of credit	<u>4,157,192</u>
Net cash provided by financing activities	4,157,192
(DECREASE) INCREASE IN CASH	1
CASH, BEGINNING OF YEAR	<u>-</u>
CASH, END OF YEAR	<u><u>\$ 1</u></u>

See accompanying notes and independent auditors' report.

**THRIVE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. Summary of Significant Accounting Policies

Nature of Operations

Thrive Foundation (the Foundation) was formed as a non-profit Foundation in October of 2013. The Foundation provides support to a local charter school, Thrive Baton Rouge chiefly in the areas of facilities and fundraising. The main source of support for the Foundation in 2016 was from contributions and state capital outlay funding.

Basis of Accounting

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

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Foundation reports information about its financial position and activities using three classes of net assets that recognize the existence and nature of restrictions on its net assets.

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to use in carrying out the activities of the Foundation in accordance with the Articles of Incorporation and bylaws.

Temporarily restricted net assets represent resources over which use is limited by donor-imposed restrictions that will be met either by actions of the Foundation or by passage of time.

Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently.

Restricted and Unrestricted Support

Contributions received are recorded as temporarily restricted, permanently restricted or unrestricted support depending on the nature of any donor restriction. Contributions made to the Foundation are considered available for unrestricted use unless specifically restricted by the donor. Contributions of property and equipment are reported as unrestricted contributions when placed in service unless the donor has restricted the use of the asset to a specific purpose or time period. Contributions of cash or other assets are unrestricted when acquired and placed in service, unless the donor has also required that the asset be used for a specific purpose or time period.

All restricted support is reported as an increase in temporarily or permanently restricted net assets. However, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. When a restriction expires, such as when a stipulated time period ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

**THRIVE FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016**

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash includes all funds in checking and savings accounts.

Income Taxes

The Foundation 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 Foundation is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation files Form 990 in the U.S. federal jurisdiction. The Foundation is no longer subject to federal information return examinations by tax authorities for years before 2013.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Functional Expenses

The Foundation allocates its expenses on a functional basis between program service or management and general. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

2. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for betterments that materially prolong the useful lives of assets are capitalized and are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5-39 years.

Property and equipment consists of the following:

	2016
Land	\$ 1,200,000
Construction in progress	6,015,195
	<u>7,215,195</u>
Accumulated depreciation	-
	<u>\$ 7,215,195</u>

**THRIVE FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016**

3. Commitments and Contingencies

The Foundation received the majority of its fiscal year 2016 revenue from state capital outlay funding and contributions from Thrive Baton Rouge. Once construction of the facilities are complete, the majority of their funding will come in the form of rent collected from Thrive Baton Rouge, whom the Foundation rents their facilities to. The rental agreement is renewable annually therefore it is possible that this source of revenue could be reduced or eliminated based on whether Thrive Baton Rouge agrees to the terms of the agreement.

4. Concentrations

For the fiscal year ending June 30, 2016, all of the Foundation's revenue is from funding provided by the State Bond Commission in the form of capital outlay funding as well as a large contribution from Thrive Baton Rouge. This revenue was intended for and used to support the purchase of land and construction of the new facilities.

Financial instruments, which potentially subject the Foundation to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of June 30, 2016, Thrive Foundation had no balances above the insured limit.

5. Construction Loan

In November of 2015 the Foundation closed on a \$6,390,000 construction loan for the purposes of constructing two dormitory buildings. At June 30, 2016 the total outstanding on the construction loan was \$4,157,192. The loan is with a local lender at an interest rate of 5% with monthly interest only payments from December of 2016 until November of 2017. The amount of interest capitalized for the year ended June 30, 2016 was \$18,664.

6. Related Party Transactions

Thrive Foundation was formed to support Thrive Baton Rouge, a local area charter school. The transactions between the Foundation and Thrive Baton Rouge during the fiscal year ending June 30, 2016 were related to the purchase of land from Thrive Baton Rouge as well as contributions received from Thrive Baton Rouge.

The transactions are shown as a capitalized asset and revenues as follows:

Capitalized Assets:

Purchase of land from Thrive Baton Rouge	<u>\$ 1,200,000</u>
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Contributions received:

Contribution from school for facility construction	\$ 1,256,330
Forgiveness of debt due to Thrive Baton Rouge	500,100
	<u>\$ 1,756,430</u>

**THRIVE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

7. State Capital Outlay Funding

In 2015, the Foundation submitted a request for a four million dollar appropriation of capital outlay funding by the State Bond Commission. According to the terms of the funding, one million would be issued from the state general fund and another three million from future general obligation bond proceeds. The Foundation requested and received \$1,200,000 of the capital outlay funding during the fiscal year ended June 30, 2016 for the purpose of purchasing the property where the new facilities would be constructed.

**THRIVE FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE EXECUTIVE DIRECTOR
FOR THE YEAR ENDING JUNE 30, 2016**

Executive Director	S. Broome
Salary	\$ -
Benefits - Insurance	-
	<hr/>
	<u>\$ -</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

To the Board of Directors
Thrive Foundation
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Thrive Foundation, (a non-profit organization) which comprise the statement of financial position as of June 30, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Thrive Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Thrive Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Thrive Foundation'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 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 Thrive Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-1.

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, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities 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.

Daigrepoint & Brian apac

Daigrepoint & Brian, APAC
Baton Rouge, Louisiana

May 3, 2018

**THRIVE FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2016**

We have audited the financial statements of Thrive Foundation, as of June 30, 2016, and for the year then ended, and have issued our report thereon dated May 3, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller general of the United States.

Summary of Auditors' Reports

Type of auditor's report issued	Unmodified		
Material weakness(es) identified?	Yes	_____	No <u> X </u>
Significant deficiencies identified that are not considered to be a material weakness?	Yes	_____	No <u> X </u>
Compliance			
Noncompliance material to the financial statements	Yes	_____	No <u> X </u>

Finding - Financial Statement Audit

Finding 2016-1 – Filing with the Louisiana Legislative Auditor

Condition:

The Foundation failed to submit their audit report to the Louisiana Legislative Auditor's office with six months of their fiscal year end.

Cause:

Foundation management was unaware that the state capital outlay funding received during the fiscal year would be considered public funding that would require reporting to the Louisiana Legislative Auditor.

Effect:

Due to this misunderstanding the Foundation did not engage an auditor by the deadline and the audit was not completed and filed with the Louisiana Legislative Auditor by the due date.

Criteria:

The Foundation's accounting policies should include procedures to update their knowledge of reporting requirements to all entities.

Recommendations:

We suggest researching reporting requirements on an annual basis for any changes in reporting requirements.

Questioned Costs

There are no questioned costs for the year ended June 30, 2016