

BRCC FACILITIES CORPORATION

FINANCIAL REPORT

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
BRCC Facilities Corporation
Baton Rouge, Louisiana

We have audited the accompanying financial statements of BRCC Facilities Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019 and the related statements of activities 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 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 financial statements based on our audit. 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. 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 BRCC Facilities Corporation as of June 30, 2020 and 2019, and the changes in its nets assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head on page 14 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 a report dated August 19, 2020, on our consideration of BRCC Facilities Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRCC Facilities Corporation's internal control over financial reporting and compliance.



Lafayette, Louisiana
August 19, 2020

FINANCIAL STATEMENTS

BRCC FACILITIES CORPORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 56,136	\$ 77,205
Funds in escrow	<u>72,953</u>	<u>81,638</u>
Total current assets	<u>\$ 129,089</u>	<u>\$ 158,843</u>
RESTRICTED ASSETS		
Cash	<u>\$ 2,438,081</u>	<u>\$ 4,486,667</u>
PROPERTY AND EQUIPMENT		
Building and improvements	\$76,243,368	\$75,056,246
Furniture and fixtures	12,636,099	11,882,880
Construction in progress	-	253,291
Accumulated depreciation	<u>(40,337,101)</u>	<u>(38,078,729)</u>
Total property and equipment	<u>\$48,542,366</u>	<u>\$49,113,688</u>
Total assets	<u>\$51,109,536</u>	<u>\$53,759,198</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Due to Baton Rouge Community College	\$ -	609,606
Current maturities of bond payable	25,000	2,365,000
Accrued interest payable	<u>65,672</u>	<u>164,523</u>
Total current liabilities	<u>\$ 90,672</u>	<u>\$ 3,139,129</u>
LONG-TERM LIABILITIES		
Bonds payable, less current maturities	\$46,220,000	\$43,860,000
Bond premium, net of accumulated amortization of \$1,777,397 and \$2,968,467, respectively	228,344	942,924
Bond issuance costs, net of accumulated amortization of \$515,396 and \$778,971, respectively	<u>(665,431)</u>	<u>(479,422)</u>
Total long-term liabilities	<u>\$45,782,913</u>	<u>\$44,323,502</u>
NET ASSETS		
Without donor restrictions	\$ 2,797,870	\$ 1,809,899
With donor restrictions	<u>2,438,081</u>	<u>4,486,668</u>
Total net assets	<u>\$ 5,235,951</u>	<u>\$ 6,296,567</u>
Total liabilities and net assets	<u>\$51,109,536</u>	<u>\$53,759,198</u>

See Notes to Financial Statements.

BRCC FACILITIES CORPORATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, LOSSES AND OTHER SUPPORT			
Rental income	\$ 3,753,874	\$ -	\$ 3,753,874
Contributions	25,000	750,000	775,000
Contributions – debt refunding	566,255	-	566,255
Interest income	<u>3,026</u>	<u>57,506</u>	<u>60,532</u>
Total revenues, gains, losses and other support	\$ 4,348,155	\$ 807,506	\$ 5,155,661
Net assets released from restrictions	<u>2,856,093</u>	<u>(2,856,093)</u>	<u>-</u>
Total revenues after net assets released from restrictions	<u>\$ 7,204,248</u>	<u>\$ (2,048,587)</u>	<u>\$ 5,155,661</u>
EXPENSES:			
Program expenses:			
Interest expense	\$ 1,305,136	\$ -	\$ 1,305,136
Depreciation expense	2,258,372	-	2,258,372
Building expense	559,436	-	559,436
Supporting services:			
Professional	25,884	-	25,884
Bank charges	6,300	-	6,300
Loss on refunding	2,058,546	-	2,058,546
Miscellaneous expense	<u>2,603</u>	<u>-</u>	<u>2,603</u>
Total expenses	<u>\$ 6,216,277</u>	<u>\$ -</u>	<u>\$ 6,216,277</u>
Change in net assets	\$ 987,971	\$ (2,048,587)	\$ (1,060,616)
Net assets at beginning of year	<u>1,809,899</u>	<u>4,486,668</u>	<u>\$ 6,296,567</u>
Net assets at end of year	<u>\$ 2,797,870</u>	<u>\$ 2,438,081</u>	<u>\$ 5,235,951</u>

See Notes to Financial Statements.

BRCC FACILITIES CORPORATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, LOSSES AND OTHER SUPPORT			
Rental income	\$ 4,362,825	\$ -	\$ 4,362,825
Contributions	25,000	750,000	775,000
Interest income	<u>9,659</u>	<u>103,334</u>	<u>112,993</u>
Total revenues, gains, losses and other support	\$ 4,397,484	\$ 853,334	\$ 5,250,818
Net assets released from restrictions	<u>1,735,984</u>	<u>(1,735,984)</u>	<u>-</u>
Total revenues after net assets released from restrictions	<u>\$ 6,133,468</u>	<u>\$ (882,650)</u>	<u>\$ 5,250,818</u>
EXPENSES:			
Program expenses:			
Interest expense	\$ 1,950,736	\$ -	\$ 1,950,736
Depreciation expense	2,126,031	-	2,126,031
Building expense	419,582	-	419,582
Supporting services:			
Professional	19,639	-	19,639
Bank charges	6,300	-	6,300
Miscellaneous expense	<u>2,578</u>	<u>-</u>	<u>2,578</u>
Total expenses	<u>\$ 4,524,866</u>	<u>\$ -</u>	<u>\$ 4,524,866</u>
Change in net assets	\$ 1,608,602	\$ (882,650)	\$ 725,952
Net assets at beginning of year	<u>201,297</u>	<u>5,369,318</u>	<u>\$ 5,570,615</u>
Net assets at end of year	<u>\$ 1,809,899</u>	<u>\$ 4,486,668</u>	<u>\$ 6,296,567</u>

See Notes to Financial Statements.

BRCC FACILITIES CORPORATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,060,616)	\$ 725,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,258,372	2,126,031
Amortization included in interest expense:		
Bond issuance costs	113,169	65,847
Bond premium	(137,952)	(195,606)
Loss on refunding	2,058,546	-
Decrease in funds in escrow	8,685	171
Decrease in accounts payable	-	(43,158)
Decrease in due to Baton Rouge Community College for unreimbursed repairs and maintenance	(356,315)	(126,619)
Decrease in accrued interest payable	<u>(98,852)</u>	<u>(7,330)</u>
Net cash provided by operating activities	<u>\$ 2,785,037</u>	<u>\$ 2,545,288</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>\$ (1,940,341)</u>	<u>\$ (1,136,708)</u>
Net cash used in investing activities	<u>\$ (1,940,341)</u>	<u>\$ (1,136,708)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from refunding bonds	\$ 38,175,000	\$ -
Payment to bond refunding escrow agent	(38,044,536)	-
Cost of issuance for refunding bonds	(679,815)	-
Principle payment on bonds payable	<u>(2,365,000)</u>	<u>(2,275,000)</u>
Net cash used in financing activities	<u>\$ (2,914,351)</u>	<u>\$ (2,275,000)</u>
Net decrease in cash and cash equivalents	<u>\$ (2,069,655)</u>	<u>\$ (866,420)</u>
Cash, beginning of year:		
Unrestricted	\$ 77,205	\$ 60,974
Restricted	<u>4,486,667</u>	<u>5,369,318</u>
Total cash, beginning of year	<u>\$ 4,563,872</u>	<u>\$ 5,430,292</u>
Cash, end of year:		
Unrestricted	\$ 56,136	\$ 77,205
Restricted	<u>2,438,081</u>	<u>4,486,668</u>
Total cash, end of year	<u>\$ 2,494,217</u>	<u>\$ 4,563,873</u>

See Notes to Financial Statements.

BRCC FACILITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

BRCC Facilities Corporation (the "Corporation"), is a Louisiana nonprofit corporation formed to support and benefit the educational, scientific research and public service mission of the Baton Rouge Community College (the "College"). The Corporation was formed during 2002 to finance a portion of the costs of the development, design, renovation, construction and equipping of facilities for the College.

The accompanying financial statements of the Corporation have been prepared on the accrual basis of accounting.

Significant accounting policies:

Restricted cash -

The Corporation maintains balances in money market deposit accounts required for financing the costs of the development, design, construction and equipping of a new campus and related facilities (collectively, the "Facilities") for students, faculty and staff of the BRCC Community College (funding a debt service reserve fund), paying capitalized interest on the bonds, and paying costs of issuance of the bonds, including the premium for the Bond Insurance Policy. The funds are held in trust and can only be disbursed in accordance with the trust agreement by the trustee.

These money market funds are not bank deposits or obligations, are not guaranteed by the Bank in trust and are not insured by the FDIC, the Federal Reserve Board, or any other government agency. These funds are reflected as restricted cash on the statement of financial position.

Cash and cash equivalents -

For the purposes of the statements of cash flows, the Corporation considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Federal income taxes -

The Corporation qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2019, 2018, and 2017, are subject to examination by the IRS, generally for 3 years after they were filed.

NOTES TO FINANCIAL STATEMENTS

Bond Issuance Costs –

Costs incurred in obtaining long-term financing have been capitalized and are being amortized over the lives of the bonds under the effective interest method.

Bond Premiums –

Bond premiums resulting from the issuance of revenue bonds at a price exceeding the face value of the bonds are amortized over the life of the bonds under the effective interest method.

Property and equipment -

Purchased property and equipment is recorded at cost at the date of acquisition. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Building and improvements	20 - 40
Capitalized interest costs	40
Furniture and equipment	5

Interest on debt issued to finance construction of the facilities has been capitalized as a portion of the cost of the project. Investment earnings on temporary investments earned during the construction phase are netted against capitalized interest. Accordingly, bond cost and bond discount amortization during the construction phase are also netted against capitalized interest.

Use of estimates -

The preparation of 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.

Recent accounting pronouncements

The Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* as amended by Accounting Standards Update (ASU) 2015-14, *Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date*. This ASU is a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In order to achieve this revenue streams are evaluated using a five-step process. This ASU was effective for non-public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, however on May 20, 2020 the FASB extended the required implementation period to fiscal years beginning after December 15, 2019. The Corporation is continuing to evaluate the impact of this guidance on its financial statements and plans to implement next year.

NOTES TO FINANCIAL STATEMENTS

Note 2. Long-Term Debt

The bonds are limited and special revenue obligation of the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority), the source of the payment of which will be derived from the payments due to the Corporation under a facilities lease agreement with the College. The obligation of the Corporation to make payments to the Authority for debt service is limited to the rents received from the Board of the College. The Corporation has assigned its rights under the facility lease to the Authority as security of the bonds. The net proceeds obtained from the bond issue are to be used to finance a portion of the development, design, renovation, construction and equipping of facilities for the College.

In February 2020, the Corporation issued \$38,175,000 of taxable revenue refunding bonds through the Louisiana Local Government Environmental Facilities and Community Development Authority. The purpose of the issue was to refund the Series 2012 revenue bonds and partially refund the Series 2011 revenue bonds of the Corporation. The 2020 refunding series bond proceeds, including a portion of the contribution from the Louisiana Community Technical College System of \$566,255 were deposited into an escrow fund created pursuant to an escrow agreement dated February 1, 2020 between the Corporation, The Louisiana Local Government Environmental Facilities and Community Development Authority and the escrow trustee. The amount of the escrow account, together with interest earnings were used to refund \$11,665,000 of Series 2011 bonds maturing December 1, 2020 and December 1, 2024 to and including December 1, 2026 and refund \$24,125,000 of Series 2012 bonds maturing on December 1, 2024 to and including December 1, 2032.

The Series 2020 bonds cost of issuance consisted of \$ 219,506 of underwriter's discount deducted from the bond proceeds and payments of additional costs of issuance of \$460,309 were paid by the Corporation. The refunding resulted in a loss of \$2,058,546, of which \$195,990 was the write-off of unamortized bond issue costs of \$380,638 and unamortized original issue premium of \$576,628 on the Series 2011 and 2012 bonds at the date of the refunding. The refunding reduced the total debt service payments by \$3,165,804 and resulted in an economic gain of \$3,072,739.

At June 30, 2020, bonds outstanding and the average interest rates of the respective issues were as follows:

	<u>Average Interest Rate</u>	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Bonds Outstanding</u>
Bonds payable:					
Series 2011 Refunding	3.953%	\$ 22,100,000	\$ -	\$ 14,030,000	\$ 8,070,000
Series 2012 Refunding	4.385%	24,125,000	-	24,125,000	-
Series 2020 Refunding	2.294%	<u>-</u>	<u>38,175,000</u>	<u>-</u>	<u>38,175,000</u>
 Total bonds outstanding		 <u>\$ 46,225,000</u>	 <u>\$ 38,175,000</u>	 <u>\$ 38,155,000</u>	 \$ 46,245,000
 Less bonds due in one year					 <u>25,000</u>
 Long-term portion of bonds payable					 <u>\$ 46,220,000</u>

NOTES TO FINANCIAL STATEMENTS

Aggregate maturities required on long-term debt, including interest of \$8,365,546 are as follows at June 30, 2020:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 25,000	\$ 1,194,462	\$ 1,219,462
2022	3,225,000	1,130,860	4,355,860
2023	3,350,000	1,009,156	4,359,156
2024	3,465,000	895,858	4,360,858
2025	3,560,000	806,494	4,366,494
2026 – 2030	19,630,000	2,816,984	22,446,984
2031 – 2033	<u>12,990,000</u>	<u>511,732</u>	<u>13,501,732</u>
	<u>\$ 46,245,000</u>	<u>\$ 8,365,546</u>	<u>\$ 54,610,546</u>

Included in interest expense is the amortization of bonds costs and bond premiums that are amortized over the life of the respective issues on the interest method. Amortization of bond costs for the year ended June 30, 2020 and 2019 was \$113,169 and \$65,847, respectively. Amortization of bond premiums were \$137,952 and \$195,606, respectively for the years ended June 30, 2020 and 2019.

Cash payments for interest during the year ended June 30, 2020 and 2019 was \$1,428,770 and \$2,087,825, respectively.

Note 3. Facilities Lease Agreement

The Corporation entered into an agreement to lease the Facilities to the Board of Supervisors of the Louisiana Community and Technical College System (the "Board"). The rental payments under this lease are to be paid semi-annually (June 1 and December 1) and include a base rental equal to the sum of the principal of, premium, if any, and interest due and payable on the bonds on the following June 1 or December 1. The future minimum lease payments to be received as base rental payments are the amounts as reflected in Note 2 above. In addition to the base rental, the Board will pay additional rental of any and all expenses, of every nature, character, and kind whatsoever, incurred by the Corporation, on behalf of the Board, and/or by the Board of BRCC Facilities Corporation in the management, operation, ownership, and/or maintenance of the Facilities.

Note 4. Ground Lease Agreement

The Corporation entered into an agreement effective December 1, 2002 to lease the land on which the Facilities will be constructed from the Board. The lease term expires on December 1, 2023. The rent shall be due and paid annually in advance in the sum of \$1 per year.

NOTES TO FINANCIAL STATEMENTS

Note 5. Contributions

The Corporation receives annual contributions from the Louisiana Community and Technical College Systems for administrative costs and from the State of Louisiana for the maintenance of the facilities in compliance with the maintenance reserve fund requirement established in the trust indenture for the bonds.

Note 6. Concentrations of Risk

The Corporation received 100% of its facilities lease rental revenues from the Board of Supervisors of the Louisiana Community and Technical College System.

The Corporation periodically maintains cash in bank accounts in excess of insured limits. The Corporation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice

Note 7. Liquidity and Availability of Resources

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of operating cash in the amount of \$129,089 and \$158,843 as of June 30, 2020 and 2019, respectively. A separate maintenance reserve is maintained and considered restricted funds for the purpose of capital expenditures and ongoing facility maintenance.

Note 8. Subsequent Events

The Corporation evaluated the need for disclosures and/or adjustments resulting from subsequent events through August 19, 2020, the date the financial statements were available to be issued. 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, and quarantines in certain areas, and forced closures of 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 areas in which the Corporation operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Corporation. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

SUPPLEMENTARY INFORMATION

BRCC FACILITIES CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
Year Ended June 30, 2020

Agency Head: Fabian Blache, Jr.

There are no transactions to report under this section.

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
BRCC Facilities Corporation
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of BRCC Facilities Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement 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 August 19, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BRCC Facilities Corporation'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 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.

A handwritten signature in black ink, appearing to read "Bernard J. Fisher" followed by a stylized monogram or initials.

Lafayette, Louisiana
August 19, 2020

BRCC FACILITIES CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2020

Section I. Internal Control and Compliance Material to the Financial Statements

Not applicable.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

Not applicable.