

**Bayou Community Academy, Inc.
Charter School**

Financial Statements
and Independent Auditor's Report
June 30, 2020

**Bayou Community Academy, Inc.
Charter School**

Financial Statements and Independent Auditor's Report
As of and for the Year Ended
June 30, 2020

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**Bayou Community Academy, Inc.
Charter School**

Financial Statements and Independent Auditor's Report
As of and for the Year Ended
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Bayou Community Academy, Inc. Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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.

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 Bayou Community Academy, Inc. Charter School as of June 30, 2020, and the 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Board of Trustees and the Schedule of Compensation, Benefits, and Other Payments to the Director on pages 17 and 18 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of Bayou Community Academy, Inc. Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Martin and Pelgri

Houma, Louisiana
November 11, 2020

FINANCIAL STATEMENTS

**Bayou Community Academy, Inc.
Charter School**

Statement of Financial Position
June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,233,367
Investments	9,216,314
Prepaid expenses	<u>51,717</u>

Total current assets 10,501,398

Property and equipment, net of accumulated depreciation of \$254,317	<u>1,131,302</u>
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TOTAL ASSETS \$ 11,632,700

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 153,219
Accrued payroll	156,180
Accrued expenses	327
Payroll taxes payable	4,486
Deferred compensation	115,008
Compensated absences	21,360
Current maturities of long-term debt	<u>1,801</u>

Total current liabilities 452,381

Long-term liabilities:

Note payable - net of current maturities	6,599
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Net assets:

Without donor restrictions	<u>11,173,720</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 11,632,700

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions
REVENUE, GRANTS, AND OTHER SUPPORT	
Grants:	
State public school funding	\$ 4,509,571
Other local sources	242,709
Fundraising	96,195
TOTAL REVENUE, GRANTS, AND OTHER SUPPORT	4,848,475
EXPENSES	
Program services	
Regular education programs	1,960,519
School administration	271,357
Operation and maintenance	231,792
Special education programs	229,085
Pupil support services	161,070
Student transportation services	105,003
Special programs	96,660
Instructional staff services	81,914
Non-instructional services	58,976
Other instructional programs	50,820
Central services	2,416
Management and general	
Business services	191,927
General administration	137,891
Fundraising	27,361
TOTAL EXPENSES	3,606,791
INCREASE IN NET ASSETS	1,241,684
OTHER INCREASE IN NET ASSETS	
Investment income	136,475
INCREASE IN NET ASSETS	1,378,159
NET ASSETS, BEGINNING OF PERIOD	9,795,561
NET ASSETS, END OF PERIOD	\$ 11,173,720

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

**Statement of Functional Expenses
Year Ended June 30, 2020**

	Program Services						
	Regular Education Programs	School Administration	Operation and Maintenance	Special Education Programs	Pupil Support Services	Student Transportation Services	Special Programs
Salaries and stipends	\$ 1,307,991	\$ 175,505	\$ 30,112	\$ 140,732	\$ 116,218	\$ 43,611	\$ 61,592
Retirement expense	328,292	52,556	6,857	34,058	28,926	-	15,474
Group insurance	173,737	30,001	5,967	4,840	11,923	-	18,535
Rent	-	-	153,180	-	-	-	-
Dues and fees	-	378	-	-	-	-	-
Materials and supplies	36,010	2,193	4,954	2,151	733	-	-
Professional services	8,492	306	3,219	43,373	-	-	-
Insurance	-	-	9,207	-	-	26,251	-
Payroll taxes	22,496	3,018	522	2,439	2,012	759	1,059
Textbooks/workbooks	23,537	-	-	-	-	-	-
Student transportation leases	-	-	-	-	-	26,640	-
Expenses for student activities	-	-	-	-	-	-	-
Technology expenses	17,231	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Travel and gasoline expense	3,888	865	-	63	748	7,642	-
Equipment	10,301	740	106	1,429	-	-	-
Telephone and postage	2,935	5,442	-	-	-	-	-
Utilities	-	-	14,017	-	-	-	-
Workmen's compensation	13,020	-	-	-	-	-	-
Printing and copying	11,648	-	-	-	-	-	-
Miscellaneous	941	353	2,567	-	510	100	-
Booster club expenses	-	-	-	-	-	-	-
Expenses for school activities	-	-	-	-	-	-	-
Repairs and maintenance	-	-	1,084	-	-	-	-
Advertising	-	-	-	-	-	-	-
	<u>\$ 1,960,519</u>	<u>\$ 271,357</u>	<u>\$ 231,792</u>	<u>\$ 229,085</u>	<u>\$ 161,070</u>	<u>\$ 105,003</u>	<u>\$ 96,660</u>

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

**Statement of Functional Expenses (Cont.)
Year Ended June 30, 2020**

	Program Services (Cont.)				Management and General			Total
	Instructional Staff Services	Non-instructional Services	Other Instructional Programs	Central Services	Business Services	General Administration	Fundraising	
Salaries and stipends	\$ 50,475	\$ -	\$ 43,428	\$ -	\$ 128,793	\$ -	\$ -	\$ 2,098,457
Retirement expense	13,124	-	4,374	-	32,457	-	-	516,118
Group insurance	6,233	-	51	-	7,792	-	-	259,079
Rent	-	-	-	-	-	-	-	153,180
Dues and fees	-	-	-	-	-	94,139	-	94,517
Materials and supplies	242	18,152	-	-	2,312	-	27,261	94,008
Professional services	-	-	-	-	8,593	17,961	100	82,044
Insurance	-	-	-	-	-	7,888	-	43,346
Payroll taxes	874	-	730	-	2,265	-	-	36,174
Textbooks/workbooks	10,741	-	-	-	-	-	-	34,278
Student transportation leases	-	-	-	-	-	-	-	26,640
Expenses for student activities	-	23,671	-	-	-	-	-	23,671
Technology expenses	-	-	-	-	-	-	-	17,231
Depreciation	-	-	-	-	-	17,085	-	17,085
Travel and gasoline expense	-	-	-	-	1,582	811	-	15,599
Equipment	225	-	-	-	2,547	-	-	15,348
Telephone and postage	-	-	413	-	5,326	-	-	14,116
Utilities	-	-	-	-	-	-	-	14,017
Workmen's compensation	-	-	-	-	-	-	-	13,020
Printing and copying	-	-	-	-	-	-	-	11,648
Miscellaneous	-	1,154	1,824	2,416	260	-	-	10,125
Booster club expenses	-	9,142	-	-	-	-	-	9,142
Expenses for school activities	-	6,857	-	-	-	-	-	6,857
Repairs and maintenance	-	-	-	-	-	-	-	1,084
Advertising	-	-	-	-	-	7	-	7
	<u>\$ 81,914</u>	<u>\$ 58,976</u>	<u>\$ 50,820</u>	<u>\$ 2,416</u>	<u>\$ 191,927</u>	<u>\$ 137,891</u>	<u>\$ 27,361</u>	<u>\$ 3,606,791</u>

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

Statement of Cash Flows
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 1,378,159
Adjustment to reconcile increase in net assets to net cash flows provided by operating activities:	
Depreciation	17,085
Increase in operating assets:	
Prepaid expenses	(4,907)
Increase (decrease) in operating liabilities:	
Accounts payable	122,447
Retirement contributions payable	(149,938)
Accrued payroll	29,779
Accrued expenses	(2,524)
Payroll taxes payable	(30)
Deferred compensation	15,492
Compensated absences	(15,365)

**NET CASH FLOWS PROVIDED BY OPERATING
ACTIVITIES**

1,390,198

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(581,682)
Purchases of investments	(1,036,474)

NET CASH FLOWS USED IN INVESTING ACTIVITIES

(1,618,156)

CASH FLOWS USED IN FINANCING ACTIVITIES:

Proceeds from issuance of long-term debt	8,400
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NET DECREASE IN CASH AND CASH EQUIVALENTS

(219,558)

BEGINNING CASH AND CASH EQUIVALENTS

1,452,925

ENDING CASH AND CASH EQUIVALENTS

\$ 1,233,367

See accompanying notes.

Bayou Community Academy, Inc.
Charter School

Notes to Financial Statements
Year Ended June 30, 2020

Note 1 – Organization and Operations

Bayou Community Academy, Inc. (the School) was created as a non-profit corporation under the laws of the State of Louisiana on January 29, 2009. The School operates as a Type I charter school under a charter granted by the Lafourche Parish School Board which expires on June 30, 2026. The School serves eligible students in pre-kindergarten through eighth grade.

The School paid Lafourche Parish School Board an administrative fee representing 2% of the total revenue received under the State Public School – MFP Funding amounting to \$90,191.

Note 2 – Summary of Significant Accounting Policies

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

A. Financial Statement Presentation – The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the School is required to present statements of functional expenses and cash flows.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restrictions. Contributions with donor restrictions, for which the restriction is met in the same year, are classified as net assets without donor restrictions.

B. Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, in accordance with accounting principles generally accepted in the United States of America.

C. Cash and Cash Equivalents – For the purpose of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

D. Revenues – The School's primary source of funding is through the State Public School – MFP Funding.

E. Property and Equipment – Property and equipment of the School are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are

Bayou Community Academy, Inc.
Charter School

Notes to Financial Statements
Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Cont.)

capitalized. Depreciation of all exhaustible property and equipment is charged as an expense against operations. Property and equipment reported on the statement of financial position are net of accumulated depreciation. Normal building maintenance and minor equipment purchases are included as expenses of the School. Property and equipment acquisitions are capitalized if the purchase price exceeds \$1,000 and the asset has a useful life greater than one year. Depreciation expense for the year ended June 30, 2020 was \$17,085. Depreciation is calculated using the straight-line method over useful lives of three to seven years.

- F. Income Taxes – The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been made as the School had no taxable activities.
- G. 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.
- H. Advertising – Advertising costs are expensed as incurred. Advertising expense totaled \$7 for the year ended June 30, 2020.
- I. Recent Pronouncement – In January 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021. The School has not determined the impact ASU 2016-02 will have on its financial statements.
- J. Functional Expenses – The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied.

When possible, expenses are first allocated by direct identification and then by allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort. There were no such allocated expenses during the year ended June 30, 2020.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2020

Note 3 – Concentrations of Credit Risk

The School maintains its cash in one financial institution located in Louisiana. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 at this institution. The School exceeded federally insured limits during the year; however, the School was adequately collateralized by pledged securities at all times during the year ended June 30, 2020.

The School received 90% of its revenues in the year ended June 30, 2020 from the State Public School – MFP Funding, subject to its charter school contract.

Note 4 – Investments

The School's investments are limited to funds deposited with Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a.7-like investment pool. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 47 days as of June 30, 2020.
- Foreign currency risk: Not applicable to 2a7-like pools.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2020

Note 4 – Investments (Cont.)

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Investments in LAMP as of June 30, 2020 amounted to \$9,216,314 and are classified on the Statement of Financial Position as “Investments”.

Note 5 – Fair Values of Financial Instruments

The School's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, investments, accounts payable, and note payable. Management estimates that the fair value of all financial instruments as of June 30, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Note 6 – Property and Equipment

A summary of changes in property and equipment follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Capital asset, not being depreciated:				
Land	\$ 509,858	\$ -	\$ -	\$ 509,858
Construction in progress	-	573,657	-	573,657
Capital assets, being depreciated:				
Computers and peripherals	202,313	8,025	(10,292)	200,046
Computer software	16,128	-	-	16,128
Furniture and equipment	71,102	-	-	71,102
Musical instruments	14,828	-	-	14,828
	<u>814,229</u>	<u>581,682</u>	<u>(10,292)</u>	<u>1,385,619</u>
Less: accumulated depreciation	<u>(247,524)</u>	<u>(17,085)</u>	<u>10,292</u>	<u>(254,317)</u>
Total	<u>\$ 566,705</u>	<u>\$ 564,597</u>	<u>\$ -</u>	<u>\$ 1,131,302</u>

All assets acquired with Louisiana Department of Education funds are owned by the School while used for the purpose in which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Bayou Community Academy, Inc.
Charter School

Notes to Financial Statements
Year Ended June 30, 2020

Note 6 – Property and Equipment (Cont.)

Construction in progress totaling \$573,657 is for the planning and design of the new school campus discussed in Note 14.

Note 7 – Deferred Compensation

For ten-month employees, such as teachers, July 2020 payroll costs are recorded as deferred compensation. These employees earned such compensation by completing their contracts with the School in May or June 2020. While they work for a ten-month period, they get paid over a twelve-month period. The contract period for these employees was August 5, 2019 to May 25, 2020, and the amount of deferred compensation that was recorded is \$115,008.

Note 8 – Compensated Absences

Annual leave is to be granted to all 230-240 day employees for the purpose of rehabilitation and restoration of work efficiency. The School has five employees in this category. All 230-240 day employees shall earn such leave based on years of experience. Any unused annual leave at the time of separation (termination of employment or death) shall be paid to the employee or his/her heirs. As of June 30, 2020, compensated absences payable equaled \$21,360.

Note 9 – Long-Term Debt

As part of the CARES Act passed by Congress for purposes of economic stimulus in light of implications from the COVID-19 crisis, Payroll Protection Program loans were made available to keep employees working. On April 15, 2020, the School borrowed \$8,400 from its bank under this loan program. The loan bears interest at the rate of 1.0% and, after a ten-month deferral period and after any loan forgiveness, is payable in equal monthly installments beginning on March 15, 2021, with final payment due on August 15, 2022.

Maturities of long-term debt are as follows:

<u>June 30,</u>		
2021	\$	1,801
2022		5,652
2023		947
		<hr/>
	\$	8,400
		<hr/>

The CARES Act provides for conditions under which the School can apply for forgiveness and, therefore, not be required to re-pay some or all of the loan proceeds. Based on information currently available regarding eligibility for loan forgiveness, management of the School anticipates that the entire principal amount of the loan will be forgiven.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2020

Note 10 – In-Kind Contributions

In-kind contributions represent the estimated fair value of general corporate goods and services provided. Contributed goods are valued at fair market value on the date of the donation. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

The value of donated volunteer services is not reflected in the accompanying financial statements since they do not meet the recording criteria as per FASB 116. However, a substantial number of volunteers have donated significant amounts of their time in the School's program, administrative, and fundraising activities.

Note 11 – Retirement Plans

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

The TRSL provides retirement benefits, as well as, disability and survivor benefits. Twenty years of service credit are required to become vested for retirement benefits, five years of service credit if the employee reaches age sixty, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2020, the employer contribution rate was 26.0%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2020 was \$509,261.

In addition to TRSL, certain employees of the School participate in the Louisiana School Employees' Retirement System (LSERS). The LSERS is a cost-sharing, multiple-employer defined benefit plan, which guarantees a benefit based on age, years of service, and final average compensation at retirement, not on the amount of contributions. LSERS members are non-instructional personnel of the Louisiana public school system. Employees must work more than 20 hours per week to become a member of this system. Twenty years of service or five years of service (if the member is at least age 62) are required to become vested in the system.

Bayou Community Academy, Inc.
Charter School

Notes to Financial Statements
Year Ended June 30, 2020

Note 11 – Retirement Plans (Cont.)

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate, which was 29.4% for fiscal year 2019-2020. The School's contribution to the plan for the year ended June 30, 2020 was \$6,857.

Note 12 – Uncertain Income Taxes

The School's 2018 tax return was filed appropriately. As of November 2020, the School had not filed its 2019 tax return as the filing due date had been extended to May 15, 2021. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to audit by various taxing authorities. The School's open audit period is 2016 to 2019. Management has evaluated the School's tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

Note 13 – Operating Leases

On June 30, 2018, the School entered into a written lease agreement with the Lafourche Parish School Board for the rental of property to be used for the operation of Bayou Community Academy, Inc. The lease is for a term of three years, beginning July 1, 2018 and ending on June 30, 2021. The agreement includes 36 monthly payments of \$11,765. The total expense under this lease for the year ended June 30, 2019 is \$141,180. Future minimum lease payments on this lease are \$141,180 for the year ending June 30, 2021.

Bayou Community Academy, Inc. entered into a written lease agreement for office space for a term of four years, beginning April 1, 2017 and ending March 31, 2021. The agreement includes 48 monthly payments of \$1,000. The total expense under this lease for the year ended June 30, 2020 is \$12,000. Future minimum lease payments on this lease are \$9,000 for the year ending June 30, 2021.

On August 1, 2019, the School entered into a School Bus Lease Service/Maintenance Agreement with a locally-owned school bus provider to lease three school buses. The agreement stipulates a rate of \$11,100 per vehicle payable in ten payments of \$1,110 per month per vehicle. The total expense under this lease for the year ended June 30, 2020 is \$26,640. Due to COVID-19, payments were not required for April and May 2020.

Note 14 – Commitment

As per the terms of the Act of Cash Sale, Bayou Community Academy, Inc. is required to begin construction on the land it purchased on September 10, 2015 within five years from the date of purchase.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2020

Note 14 – Commitment (Cont.)

On September 3, 2019, Bayou Community Academy, Inc. entered into a Contract for Construction and a Standard Form of Agreement with an architect for the construction of a new school campus as discussed. Planning and design for the school campus began during the year ended June 30, 2020 as detailed in Note 6. Actual construction is planned to start in July 2021 and be completed within twelve months. Management estimates that the new campus will be utilized for the 2022-2023 school year.

Note 15 – Liquidity and Availability of Financial Assets

The following reflects the School's financial assets as of June 30, 2020, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Current assets	\$ 10,501,398
Less those unavailable for general expenditures within one year:	
Amounts payable for current maturities of long-term debt	<u>(1,801)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,499,597</u>

Note 16 – Subsequent Events

The estimated cost of the new school campus project discussed in Note 14 was originally \$14,000,000. According to a revised Preliminary Architectural Feasibility Report dated October 8, 2020, the new estimated project cost is \$18,215,000, including the cost of land acquired in 2015.

Subsequent events were evaluated through November 11, 2020, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**Bayou Community Academy, Inc.
Charter School**

Schedule of Board of Trustees
For the Year Ended June 30, 2020

Board Members

Compensation

William Crawford 522 Green Street Thibodaux, Louisiana 70301	\$-0-
Jim Barr 402 West 2 nd Street Thibodaux, Louisiana 70301	\$-0-
Jerad David 504 Ashland Drive Thibodaux, Louisiana 70301	\$-0-
Hal Callais 800 East 1 st Street Thibodaux, Louisiana 70301	\$-0-
Monique Clark 412 Cavaness Drive Houma, Louisiana 70364	\$-0-
Nolan Smith 156 Brooklyn Lane Raceland, Louisiana 70394	\$-0-
Shelba Harlan 312 Amis Street Thibodaux, Louisiana 70301	\$-0-
Danny Baker 141 Towne Way Thibodaux, Louisiana 70301	\$-0-

See independent auditor's report.

**Bayou Community Academy, Inc.
Charter School**

Schedule of Compensation, Benefits, and Other
Payments to the Director
For the Year Ended June 30, 2020

Agency Head Name: Melanie Becnel, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 87,899
Benefits - retirement	22,854
Benefits - insurance	11,432
Cell phone	647
Registration fees	374
Reimbursements	140
Special meals	109
Dues	50
Travel	-

This schedule satisfies the reporting requirements of R.S. 24:513(A)(3).

See independent auditor's report.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

**INDEPENDENT AUDITOR'S 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 Trustees
Bayou Community Academy, Inc.
Thibodaux, 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 Bayou Community Academy, Inc. Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 11, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 Bayou Community Academy, Inc. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "Martin and Pelgri".

Houma, Louisiana
November 11, 2020

OTHER INFORMATION

**Bayou Community Academy, Inc.
Charter School**

Schedule of Findings and Responses
As of and for the Year Ended
June 30, 2020

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of Bayou Community Academy, Inc. Charter School.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters material to the financial statements of Bayou Community Academy, Inc. Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued.

Section II – Financial Statement Findings

No findings material to the financial statements of Bayou Community Academy, Inc. Charter School were noted during the audit.

Section III – Internal Control Findings

No findings related to Bayou Community Academy, Inc. Charter School’s internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section IV – Federal Award Findings and Questioned Costs

This section is not applicable.

REPORTS BY MANAGEMENT

**Bayou Community Academy, Inc.
Charter School**

Schedule of Prior Findings and Resolution Matters
As of and for the Year Ended
June 30, 2020

Note: All prior findings relate to the June 30, 2019 audit engagement.

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

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

**Bayou Community Academy, Inc.
Charter School**

Management's Corrective Action
Plan for Current Year Findings
As of and for the Year Ended
June 30, 2020

The contact person for all corrective actions noted below is Mrs. Sara Barrilleaux, Business Manager/Chief Financial Officer for Bayou Community Academy, Inc. Charter School.

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

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

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

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Trustees, the Louisiana Department of Education,
and the Louisiana Legislative Auditor
Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Bayou Community Academy, Inc. Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (LLA) (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Bayou Community Academy, Inc. for the fiscal year ended June 30, 2020 and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We have selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper accounts for each of the categories reported on Schedule 1.

We noted no exceptions.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2019 roll books for those classes and observed that the class was properly classified on the schedule.

We noted no exceptions.

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

3. We obtained the October 1, 2019 PEP data submitted to the Department of Education, including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

We noted the following exceptions:

- **One of the teacher's number of years' experience was incorrect.**

This issue has since been corrected on the most current PEP data.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

We noted no exceptions.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Bayou Community Academy, Inc. 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 Louisiana Legislative Auditor as a public document.

Martin and Pelletier

Houma, Louisiana
November 11, 2020

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**
General Fund Instructional and Support Expenditures
And Certain Local Revenue Sources
For the Year Ended June 30, 2020

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$	1,407,548
Other Instructional Staff Activities		143,861
Instructional Staff Employee Benefits		619,104
Purchased Professional and Technical Services		49,865
Instructional Materials and Supplies		61,697
Instructional Equipment		28,961

Total Teacher and Student Interaction Activities			\$	2,311,036
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Other Instructional Activities				21,713
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Pupil Support Services		161,072		
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Less: Equipment for Pupil Support Services		-		
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Net Pupil Support Services				161,072
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Instructional Staff Services		81,913		
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Less: Equipment for Instructional Staff Services		(225)		
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Net Instructional Staff Services				81,688
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School Administration		271,358		
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Less: Equipment for School Administration		(740)		
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Net School Administration				270,618
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Total General Fund Instructional Expenditures			\$	2,846,127
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Total General Fund Equipment Expenditures			\$	40,603
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Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$	-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-

Total Local Taxation Revenue	\$	-
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Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$	-
Earnings from Other Real Property		-

Total Local Earnings on Investment in Real Property	\$	-
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State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-

Total State Revenue in Lieu of Taxes	\$	-
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Nonpublic Textbook Revenue	\$	-
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Nonpublic Transportation Revenue	\$	-
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See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana
 Class Size Characteristics
 As of October 1, 2019

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	20%	4	30%	6	50%	10	0%	0

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