

**GEO NEXT GENERATION HIGH SCHOOL, INC.**

**FINANCIAL STATEMENTS**

June 30, 2023 and 2022

GEO NEXT GENERATION HIGH SCHOOL, INC.

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
GEO Next Generation High School, Inc.  
Baton Rouge, Louisiana

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of GEO Next Generation High School, Inc. (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the school as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Supplementary 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 the agency head and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 other 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.

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### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024 on our consideration of the the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the the School's internal control over financial reporting and compliance.

*Crowe LLP*

Crowe LLP

Indianapolis, Indiana  
February 29, 2024

GEO NEXT GENERATION HIGH SCHOOL, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 636,989	\$ 338,805
Accounts receivable	16,791	84,885
Grants receivable	280,337	665,203
Due from management company (Note 3)	-	6,500
Prepaid expenses	65,824	74,460
Right of use asset (Note 4)	2,630,034	3,291,086
Property and equipment, net (Note 2)	<u>230,896</u>	<u>246,261</u>
Total assets	<u>\$ 3,860,871</u>	<u>\$ 4,707,200</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 246,059	\$ 372,836
Deferred revenue	77,907	-
Lease liability (Note 4)	3,262,000	3,891,000
Due to management company (Note 3)	<u>353,447</u>	<u>898,426</u>
Total liabilities	3,393,413	5,162,262
<b>NET ASSETS</b>		
Without donor restrictions	<u>(78,542)</u>	<u>(455,062)</u>
Total liabilities and net assets	<u>\$ 3,860,871</u>	<u>\$ 4,707,200</u>

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See accompanying notes to financial statements.

GEO NEXT GENERATION HIGH SCHOOL, INC.  
 STATEMENTS OF ACTIVITIES  
 Years ended June 30, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
<b>Revenues and support</b>		
State and local sources	\$ 5,275,856	\$ 3,706,820
Federal sources	1,361,485	1,130,901
Contributions and grants	1,600	34,500
Other revenue	<u>4,661</u>	<u>90,226</u>
Total revenue and support	<u>6,643,602</u>	<u>4,962,447</u>
<b>Expenses</b>		
Program services:		
Instructional	5,205,371	4,655,152
Supporting services:		
Management and general	<u>1,061,711</u>	<u>605,133</u>
Total expenses	<u>6,267,082</u>	<u>5,260,285</u>
<b>Change in net assets</b>	376,520	(297,838)
Net assets without donor restrictions, beginning of year	<u>(455,062)</u>	<u>(157,224)</u>
<b>Net assets without donor restrictions, end of year</b>	<u>\$ (78,542)</u>	<u>\$ (455,062)</u>

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See accompanying notes to financial statements.

GEO NEXT GENERATION HIGH SCHOOL, INC.  
 STATEMENTS OF CASH FLOWS  
 Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 376,520	\$ (297,838)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	120,038	104,357
Right of use amortization expense	661,052	662,108
Change in assets and liabilities:		
Accounts receivable	72,671	(83,537)
Grants receivable	384,866	(567,775)
Prepaid expenses	8,636	(44,498)
Accounts payable and accrued expenses	(126,777)	213,366
Lease liability	(629,000)	(440,000)
Deferred revenue	77,907	-
Due to/from management company	<u>(538,479)</u>	<u>549,901</u>
Net cash from operating activities	407,434	96,084
 <b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(104,673)</u>	<u>(55,397)</u>
Net cash used in investing activities	(104,673)	(55,397)
 Net change in cash and cash equivalents	302,761	40,687
 Cash and cash equivalents, beginning of year	<u>334,228</u>	<u>293,541</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 636,989</u>	<u>\$ 334,228</u>

See accompanying notes to financial statements.



GEO NEXT GENERATION HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Organization: The GEO Next Generation High School, Inc. (the School) is a nonprofit organization established in 2019 for the purpose of operating a free 9-12 public charter school located in Baton Rouge, Louisiana. With the School's Early College model, students are able to take free college courses for up to 60 college credits while simultaneously earning a high school diploma.

The School's initial school year began in August 2019 for the 2019-2020 academic year serving 9<sup>th</sup> grade students only and added a grade each year over the subsequent three years. The Louisiana State Board of Elementary and Secondary Education ("BESE") granted the School a Type 2 charter. The School has full responsibility for its finances and operations and operates under an 8-member School Board.

Method of Accounting: The School maintains its accounts on the accrual basis of accounting and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income Taxes: The School is exempt from income taxes on income from related activities under Section 501(c)(3) of the U. S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the School is not considered to be a private foundation under Section 509(a) of the Internal Revenue Code.

The School has adopted applicable guidance with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit will be recorded.

The School does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The School recognizes interest and/or penalties related to income tax matters in income tax expense. The School did not have any amounts accrued for interest and penalties at June 30, 2023 and 2022.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000. Bank balances may periodically exceed FDIC insured limits. For the purpose of the statement of cash flows, the School considers all highly liquid debt instruments, if any, purchased with a maturity of three months or less to be cash equivalent.

Accounts and Grants Receivable: Accounts and grants receivable balances consist of amounts billed or billable for services provided or contracted. Grants receivable includes receivables related to cost-reimbursement federal grants. The School does not accrue interest on any of its grants receivables.

Allowances: No allowance for doubtful accounts is recorded as of June 30, 2023 and 2022. The allowances are based upon prior experience and management's analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. The School currently considers all receivables to be fully collectible.

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GEO NEXT GENERATION HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Property and Equipment: Expenditures for property and equipment and items in excess of \$500 which substantially increase the useful lives of existing assets are capitalized at cost or at fair value at date of gift. Repairs and maintenance costs are expensed as incurred. Depreciation has been computed on straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Property and equipment	3-7 years
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Assets acquired with Department of Education funds are owned by the School while used in the purpose for which it was purchased. The 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.

Impairment of Long-Lived Assets: In accordance with GAAP, the School reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2023 and 2022, management believes that no impairment exists.

Fair Value of Financial Instruments: Cash and cash equivalents and accounts payable approximate fair value because of the short maturity of these instruments. Grants receivable are not readily marketable. The School has estimated their fair value to be the carrying value. The carrying value of all the School's financial instruments, approximate fair value.

Basis of Presentation: The School follows GAAP and reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – The net asset without donor restrictions class includes general assets and liabilities of the School. The net asset without donor restrictions of the School may be used at the discretion of management to support the School's purposes and operations.

Net Assets With Donor Restrictions – The net asset with donor restrictions class includes assets of the School related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. The School had no net assets with donor restrictions of this nature as of June 30, 2023 and 2022. The net asset with donor restrictions that are kept in perpetuity class includes assets of the School related to contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School had no net assets with donor restrictions to be kept in perpetuity as of June 30, 2023 and 2022.

Public Support and Revenue: Support funded by grants is recognized as the School satisfies the related conditions under various grant agreements. Grant revenue is typically recognized as eligible expenses are incurred or as eligible students are served. This includes the revenue from the Minimum Foundation Program (MFP). The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. MFP funding represented approximately 79% and 75% of total revenue and support for the years ended June 30, 2023 and 2022, respectively.

Government grants and contracts are generally subject to conditions that have a barrier and a right of return that must be met before the School is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

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(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Functional and Allocated Expenses: Expenses are charged directly to activities when specifically identifiable. All other costs are allocated to the activities based upon various actual statistical bases. Salaries and related expenses are charged based on the relative amount of time historically spent by personnel. The School did not incur any fundraising expenses during the years ended June 30, 2023 and 2022, respectively.

Reclassifications: Certain prior year balances have been reclassified to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2023. Management has performed their analysis through February 29, 2024, the date the financial statements were available to be issued.

**NOTE 2 - PROPERTY AND EQUIPMENT**

At June 30, the carrying value of furniture, equipment, and textbooks consists of the following:

	<u>2023</u>	<u>2022</u>
Computers and equipment	\$ 535,949	\$ 431,277
Buildings and improvements	8,946	8,946
Less: accumulated depreciation	<u>(313,999)</u>	<u>(193,962)</u>
	<u>\$ 230,896</u>	<u>\$ 246,261</u>

Depreciation expense was \$120,038 and \$104,357 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 3 - MANAGEMENT AGREEMENT**

In accordance with a management agreement, for the term of five (5) years beginning July 1, 2019 and ending on June 30, 2024, GEO Foundation will be responsible for all management, academic, operational and administrative services necessary for the operation of the School; in consultation and communication with the School's Board of Directors. For those services, the School paid GEO Foundation \$580,215 and \$240,320 for the years ended June 30, 2023 and 2022, respectively.

At June 30, 2023 and 2022, the School has a payable to GEO Foundation in the amount of \$100,000 and \$408,266, respectively, for reimbursement of management services, and a receivable from GEO Foundation in the amount of \$0 and \$6,500, respectively.

In addition, during the year ended June 30, 2022, the School entered into an operating cash flow revolving loan with GEO Foundation in the amount of \$481,160, at an interest rate of 0% per annum. The balance at June 30, 2023 and 2022 was \$253,447 and \$481,160, respectively. The outstanding balance is included with "due to management company" on the statements of financial position. The School's Board of Directors is currently working with GEO Foundation to formalize the applicable terms.

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(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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**NOTE 4 - LEASES**

Right of use ("ROU") assets represent the School's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the School's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the School's incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the School will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying statement of financial position.

The School has recognized a right of use asset of \$2,630,034 and \$3,291,086, respectively, and a lease liability of \$3,262,000 and \$3,891,000, respectively, on the statements of financial position as of June 30, 2023 and 2022.

Effective August 1, 2020, the School entered into a building lease agreement through fiscal year 2027 which includes annual rent escalators. The School utilized the 7-year Treasury rate to determine the net present value of the lease liability which approximated 0.40% at lease inception. In accordance with GAAP, the School recognizes rent expense on a straight-line basis. Rent expense totaled \$665,556 for the years ended June 30, 2023 and 2022, respectively.

Effective August 5, 2020 the School entered into a copier lease agreement through fiscal year 2023. The school utilized a 3-year Treasury rate to determine the net present value of the lease liability which approximated 0.13% at lease inception. In accordance with GAAP, the School recognizes rent expense on a straight-line basis. Rent expense totaled \$12,360 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease payments under leases at June 30, 2023, are as follows:

2024	\$ 823,548
2025	823,548
2026	823,548
2027	<u>823,548</u>
Total minimum lease payments	3,294,192
Present value discount	<u>(32,192)</u>
Lease liability	<u>\$ 3,262,000</u>

**NOTE 5 - RETIREMENT PLAN**

Employees of the School may participate in a 403(b) defined contribution plan. Eligible employees may elect to contribute a portion of their salaries to the plan. The School may elect to make a discretionary contribution equal to 200% of the participant's contributions not to exceed 3% of the participant's compensation. The School made contribution to the plan of \$10,269 and \$11,415 for the years ended June 30, 2023 and 2022, respectively.

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(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

**NOTE 6 - FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION**

The statements of activities report certain categories of expenses attributable to the program and supporting functions of the School. Functions include program expense for instructional services and management and general activities. The tables below presents these functional expenses by their natural classification for the years ended June 30, 2023 and 2022.

	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
<u>2023</u>			
Salaries	\$ 2,095,811	\$ -	\$ 2,095,811
Purchased property services	682,367	84,337	766,704
Professional purchased services	327,457	580,215	907,672
Employee benefits	397,565	49,137	446,702
Food service	287,704	-	287,704
Marketing	-	35,331	35,331
Materials and supplies	343,457	-	343,457
Transportation services	525,283	-	525,283
Other purchased services	172,302	258,453	430,755
Other expenses	-	8,084	8,084
Utilities	246,608	30,480	277,088
Insurance	19,078	2,358	21,436
Student activities fund	905	112	1,017
Depreciation	<u>106,834</u>	<u>13,204</u>	<u>120,038</u>
Total expenses	<u>\$ 5,205,371</u>	<u>\$ 1,061,711</u>	<u>\$ 6,267,082</u>
	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
<u>2022</u>			
Salaries	\$ 2,072,540	\$ -	\$ 2,072,540
Purchased property services	656,348	64,913	721,261
Professional purchased services	171,453	240,312	411,765
Employee benefits	348,697	34,487	383,184
Food service	171,510	-	171,510
Marketing	-	60,136	60,136
Materials and supplies	372,770	-	372,770
Transportation services	431,906	-	431,906
Other purchased services	97,769	146,653	244,422
Other expenses	-	25,782	25,782
Utilities	185,442	18,340	203,782
Insurance	18,962	1,875	20,837
Student activities fund	32,790	3,243	36,033
Depreciation	<u>94,965</u>	<u>9,392</u>	<u>104,357</u>
Total expenses	<u>\$ 4,655,152</u>	<u>\$ 605,133</u>	<u>\$ 5,260,285</u>

(Continued)

GEO NEXT GENERATION HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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**NOTE 7 - LIQUIDITY AND AVAILABILITY**

The School's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 636,989	\$ 338,805
Accounts receivable	16,791	84,885
Due from management company	-	6,500
Grants receivable	<u>280,337</u>	<u>665,203</u>
 Total financial assets	 <u>\$ 934,117</u>	 <u>\$ 1,095,393</u>

As part of the School's liquidity management, the School invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 8 – COVID-19 IMPACT**

In fiscal year 2020, the School was awarded an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$86,468, of which \$1,387 and \$29,814 was recognized as federal grant revenue during the years ended June 30, 2022 and 2023, respectively.

In fiscal year 2021, the School received additional allocations of Elementary and Secondary School Emergency Relief through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan Act (ARP) totaling \$134,270 and \$120,621, respectively.

In fiscal year 2022, the school received additional allocations of Elementary and Secondary School Emergency Relief through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan Act (ARP) totaling \$369,014 and \$960,767, respectively.

In fiscal year 2022, the school recognized \$661,870 as federal grant revenue and included the amount within the Federal sources line on the statement of activities. In fiscal year 2023, the school recognized \$710,914 as federal grant revenue and included the amount within the Federal sources line on the statement of activities.

**SUPPLEMENTARY INFORMATION**

GEO NEXT GENERATION HIGH SCHOOL  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
 PAYMENTS TO THE AGENCY HEAD  
 Year ended June 30, 2023

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Agency Head Name:	<u>Brandon Fontenot</u>	<u>Arneisha Brisco</u>
<u>Purpose</u>	<u>Amount</u>	<u>Amount</u>
Salary	\$ 80,907	\$ 21,963
Bonus	8,750	-
Benefits-insurance	5,668	1,080
Benefits-retirement	429	69
Benefits-FICA and Medicare	6,816	1,657
Car allowance	-	-
Vehicle provided by government	-	-
Per diem	-	-
Reimbursements	-	-
Travel	-	-
Registration fees	-	-
Conference travel	-	-
Housing	-	-
Unvouchered expenses	-	-
Special meals	-	-
Other	<u>60</u>	<u>-</u>
Total	<u>\$ 102,630</u>	<u>\$ 24,769</u>

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**UNIFORM GUIDANCE REPORTING PACKAGE**

GEO NEXT GENERATION HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Pass through the Louisiana Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	WBX001	\$ 75,531
National School Lunch Program	10.555	WBX001	<u>274,453</u>
Total Child Nutrition Cluster			<u>349,984</u>
Total U.S. Department of Agriculture			<u>349,984</u>
<u>U.S. Department of Education</u>			
<i>Passed through the Louisiana Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	S010A220018	197,120
Special Education Cluster			
Special Education Grants to States	84.027A	H027A220033	70,653
COVID-19 - Education Stabilization Fund			
Elementary and Secondary School			
Emergency Relief Fund	84.425D	S425D200003	29,814
Elementary and Secondary School			
Emergency Relief Fund	84.425D	S425D210003	288,342
American Rescue Plan - Elementary and			
Secondary School Emergency Relief Fund	84.425U	S425U210003	<u>422,572</u>
Total Education Stabilization Fund			<u>740,728</u>
LDH Safer Smarter Schools	93.323	NU50CK000532-02	<u>3,000</u>
Total U.S. Department of Education			<u>1,011,501</u>
Total expenditures of federal awards			<u>\$ 1,361,485</u>

See accompanying note to the Schedule of Expenditures of Federal Awards.

GEO NEXT GENERATION HIGH SCHOOL  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2023

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2 – OTHER INFORMATION**

The School did not have any subrecipient activity for the period of July 1, 2022 through June 30, 2023.

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*

The Board of Directors  
GEO Next Generation High School, Inc.  
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 GEO Next Generation High School, Inc. (the School), which comprise the statement of financial position as of June 30, 2023, 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 February 29, 2024.

#### **Report on 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 opinions 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 or significant deficiencies may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

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(Continued)

## Purpose of this Report

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

*Crowe LLP*

Crowe LLP

Indianapolis, Indiana  
February 29, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL  
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors  
GEO Prep Mid-City of Greater Baton Rouge  
Baton Rouge, Louisiana

**Report on Compliance for Major Federal Program**

***Opinion on Major Federal Program***

We have audited GEO Next Generation High School, Inc. (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. the School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal program.

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(Continued)

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*

Crowe LLP

Indianapolis, Indiana  
February 29, 2024



GEO NEXT GENERATION HIGH SCHOOL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended June 30, 2023

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**Section 1 – Summary of Auditor’s Results**

*Financial Statements*

Type of report the audit issued on whether the  
 Financial statements audited were prepared  
 In accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                      \_\_\_\_\_ Yes        X   No

Significant deficiencies identified not  
 considered to be material weaknesses?                      \_\_\_\_\_ Yes        X   None reported

Noncompliance material to financial statements noted?                      \_\_\_\_\_ Yes        X   No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?                      \_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified?                      \_\_\_\_\_ Yes        X   None reported

Type of auditor’s report issued on compliance for  
 major federal programs:

Unmodified

Any audit findings disclosed that are required to be  
 reported in accordance with 2 CFR 200.516(a)?                      \_\_\_\_\_ Yes        X   No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:      \$ 750,000

Auditee qualified as low-risk auditee?      \_\_\_\_\_ Yes        X   No

**Section II – Financial Statement Findings**

None.

**Section III – Federal Award Findings and Questioned Costs**

None.

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

INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

The Board of Directors  
GEO Next Generation High School, Inc.  
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2023; 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 School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions, traced to supporting documentation, and observed that the sampled expenditures/revenues are recorded in the applicable category of amounts among the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

**Results of Procedure:** No exceptions noted.

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(Continued)

### **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 random sample of 10 classes to the October 1 roll books for those classes and observed that the class agrees to the schedule.

**Results of Procedure:** No exceptions noted.

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

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

**Results of Procedure:** We noted two instances in our random sample of 25 individuals where the employee education level reported to the Department of Education did not agree to the employee's personnel file. We also noted five instances in our random sample of 25 individuals where the employee experience level reported to the Department of Education did not agree to the employee's personnel file.

**Management's Response:** Management will refine the onboarding process to include an additional verification process for receipt of all necessary paperwork. Management will also review all current staff files to ensure all verified information is correct and entered into the system.

### **Public School Staff Data: Average Salaries (NO SCHEDULE)**

4. We obtained June 30<sup>th</sup> PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a random sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents agrees to the PEP data (or equivalent listing prepared by management).

**Results of Procedure:** We noted twenty-three instances in our random sample of 25 individuals where the employee salary reported to the Department of Education did not agree to the employee's personnel file.

**Management's Response:** Management has confirmed all noted employees have been appropriately compensated per their work agreements. Management is currently in process of evaluating software to streamline and automate personnel data. This will assure that the timing of changes to any compensation will seamlessly flow from the payroll system to the PEP report.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

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(Continued)

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School, as required by Louisiana Revised Statute 24:514.I, 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.

*Crowe LLP*

Crowe LLP

Indianapolis, Indiana  
February 29, 2024

GEO NEXT GENERATION HIGH SCHOOL, INC.  
BATON ROUGE, LOUISIANA  
SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)  
As of and for the Year ended June 30, 2023

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

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

**Schedule 2 (Formerly Schedule 6) Class Size Characteristics**

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

GEO NEXT GENERATION HIGH SCHOOL, INC.  
 SCHEDULE 1: GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES  
 AND CERTAIN LOCAL REVENUE SOURCES  
 Year ended June 30, 2023

<u>General Fund Instructional and Equipment Expenditures</u>	<u>Column A</u>	<u>Column B</u>
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 852,807	
Other instructional staff activities	60,802	
Instructional staff employee benefits	394,451	
Purchased professional and technical services	394,573	
Instructional materials and supplies	46,470	
Instructional equipment	<u>73,572</u>	
Total teacher and student interaction activities		\$ 1,822,675
Other instructional activities		<u>109,386</u>
Pupil support activities	\$ 109,284	
Less: equipment for pupil support activities	<u>-</u>	
Net pupil support activities		<u>109,284</u>
Instructional staff services		
Less: equipment for instructional staff services	<u>53,685</u>	
Net instructional staff services		<u>53,685</u>
School administration	\$ 1,094,743	
Less: equipment for school administration	<u>-</u>	
Net school administration		<u>1,094,743</u>
Total general fund instructional expenditures		<u>\$ 3,189,773</u>
Total general fund equipment expenditures		<u>\$ -</u>

Certain local revenue sources

This section is not applicable to GEO Next Generation High School, Inc.

GEO NEXT GENERATION HIGH SCHOOL, INC.  
 SCHEDULE 2: CLASS SIZE CHARACTERISTICS  
 As of October 1, 2022

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<b>School Type</b>	<b>Class Type</b>	<b>01-20</b>	<b>Percent 01-20</b>	<b>21-26</b>	<b>Percent 21-26</b>	<b>27-33</b>	<b>Percent 27-33</b>	<b>34+</b>	<b>Percent 34+</b>
High School	Regular	99	48.3%	17	8.3%	72	35.1%	17	8.3%
High School	Activity	6	40.0%	2	13.3%	4	26.7%	3	20.0%

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