

**INSPIRENOLA CHARTER SCHOOLS**  
**AND SUBSIDIARY**  
**NEW ORLEANS, LOUISIANA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of InspireNOLA Charter Schools and Subsidiary (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of InspireNOLA Charter Schools and Subsidiary as of June 30, 2022 and 2021, and the changes in its net assets and 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 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 InspireNOLA Charter Schools and Subsidiary 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 opinions.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about InspireNOLA Charter Schools and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors of  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, 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 generally accepted auditing standards 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 InspireNOLA Charter Schools and Subsidiary'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 InspireNOLA Charter Schools and Subsidiary'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.



To the Board of Directors of  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the combining financial statements as a whole. The supplementary information contained in Schedules “1” through “4” is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule “5”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the combining financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated 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 consolidated 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 supplementary 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 December 23, 2022 on our consideration of InspireNOLA Charter Schools and Subsidiary’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 InspireNOLA Charter Schools and Subsidiary’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 InspireNOLA Charter Schools and Subsidiary’s internal control over financial reporting and compliance.

December 23, 2022  
New Orleans, Louisiana

A handwritten signature in black ink that reads "Ericksen Krentel, LLP".

Certified Public Accountants

## **FINANCIAL STATEMENTS**

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 15,313,273	\$ 11,957,962
Investments	909,737	905,735
Grant receivables	14,401,786	6,862,955
Other receivables	146,106	323,850
Prepaid expenses	<u>2,153,752</u>	<u>1,149,975</u>
 Total current assets	 <u>32,924,654</u>	 <u>21,200,477</u>
 <b><u>PROPERTY AND EQUIPMENT, NET</u></b>	 <u>1,227,700</u>	 <u>1,184,082</u>
 <b><u>OTHER ASSETS:</u></b>		
Deposits	<u>116,615</u>	<u>116,615</u>
 Total other assets	 <u>116,615</u>	 <u>116,615</u>
 Total assets	 <u>\$ 34,268,969</u>	 <u>\$ 22,501,174</u>
 <b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	\$ 6,938,705	\$ 2,563,074
Accrued expenses	4,008,934	3,783,219
Deferred revenue	857,096	-
Current portion of capital leases	-	201,097
Current portion of long-term debt	103,041	425,000
Student activity funds	<u>547,680</u>	<u>370,477</u>
 Total current liabilities	 <u>12,455,456</u>	 <u>7,342,867</u>
 <b><u>NON-CURRENT LIABILITIES:</u></b>		
Capital lease, net of current portion	-	645,027
Long-term debt, net of current portion	<u>346,959</u>	<u>450,000</u>
 Total non-current liabilities	 <u>346,959</u>	 <u>1,095,027</u>
 Total liabilities	 <u>12,802,415</u>	 <u>8,437,894</u>
 <b><u>NET ASSETS:</u></b>		
Without donor restrictions	18,042,959	10,964,011
With donor restrictions	<u>3,423,595</u>	<u>3,099,269</u>
 Total net assets	 <u>21,466,554</u>	 <u>14,063,280</u>
 Total liabilities and net assets	 <u>\$ 34,268,969</u>	 <u>\$ 22,501,174</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUE:</u></b>			
State/Local public school funding	\$ 55,122,540	\$ -	\$ 55,122,540
Federal grants	-	27,450,849	27,450,849
Other state funding	17,520	921,313	938,833
Private grants and contributions	40,541	355,681	396,222
Other income	396,242	4,839	401,081
Net assets released from restrictions	<u>28,408,356</u>	<u>(28,408,356)</u>	<u>-</u>
 Total revenue	 <u>83,985,199</u>	 <u>324,326</u>	 <u>84,309,525</u>
<b><u>EXPENSES:</u></b>			
Program services:			
General instructional	33,379,065	-	33,379,065
General non-instructional	22,527,713	-	22,527,713
Special education	12,032,508	-	12,032,508
Special programs	4,745,628	-	4,745,628
Administration	<u>4,221,337</u>	<u>-</u>	<u>4,221,337</u>
 Total expenses	 <u>76,906,251</u>	 <u>-</u>	 <u>76,906,251</u>
 Change in net assets	 7,078,948	 324,326	 7,403,274
 Net assets, beginning of year	 <u>10,964,011</u>	 <u>3,099,269</u>	 <u>14,063,280</u>
 Net assets, end of year	 <u>\$ 18,042,959</u>	 <u>\$ 3,423,595</u>	 <u>\$ 21,466,554</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b><u>REVENUE:</u></b>			
State/Local public school funding	\$ 55,980,261	\$ -	\$ 55,980,261
Federal grants	-	13,031,162	13,031,162
Other state funding	6,945	937,459	944,404
Private grants and contributions	1,665,033	477,995	2,143,028
Other income	544,898	2,390,720	2,935,618
Net assets released from restrictions	<u>15,426,065</u>	<u>(15,426,065)</u>	<u>-</u>
 Total revenue	 <u>73,623,202</u>	 <u>1,411,271</u>	 <u>75,034,473</u>
<b><u>EXPENSES:</u></b>			
Program services:			
General instructional	32,274,638	-	32,274,638
General non-instructional	18,257,457	-	18,257,457
Special education	13,215,810	-	13,215,810
Special programs	2,123,522	-	2,123,522
Administration	<u>3,401,771</u>	<u>-</u>	<u>3,401,771</u>
 Total expenses	 <u>69,273,198</u>	 <u>-</u>	 <u>69,273,198</u>
 Change in net assets	 4,350,004	 1,411,271	 5,761,275
 Net assets, beginning of year	 <u>6,614,007</u>	 <u>1,687,998</u>	 <u>8,302,005</u>
 Net assets, end of year	 <u>\$ 10,964,011</u>	 <u>\$ 3,099,269</u>	 <u>\$ 14,063,280</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services				Support Services	
	General Instructional	General Non-Instructional	Special Education	Special Programs	Administration	Total
Salaries	\$ 21,363,518	\$ 3,832,363	\$ 7,602,447	\$ 3,250,154	\$ 2,159,292	\$ 38,207,774
Employee benefits	2,143,182	337,900	935,211	397,723	204,417	4,018,433
Retirement	5,179,696	968,464	1,878,344	796,191	532,111	9,354,806
Payroll taxes	405,479	69,065	133,525	49,016	37,337	694,422
Purchased educational services	248,820	1,297	-	-	5,665	255,782
Other purchased professional services	27,076	342,322	189,687	-	171,233	730,318
Purchased technical services	9,007	170,811	-	-	5,109	184,927
Utilities	-	1,424,720	-	-	-	1,424,720
Repairs and maintenance	10,473	3,341,886	-	-	593	3,352,952
Rentals	20,154	586,624	14,325	-	205,501	826,604
Student transportation	-	4,363,801	865,990	-	6,429	5,236,220
Insurance	140,916	1,374,692	43,039	8,904	45,566	1,613,117
Communications	663,873	493,134	48,769	79,545	152,592	1,437,913
Advertising, printing, and binding	9,239	7,451	9,486	-	130,798	156,974
Tuition	447,833	-	-	-	-	447,833
Food service	-	3,104,848	-	-	21,269	3,126,117
Travel	24,635	11,013	29,749	1,412	41,883	108,692
Miscellaneous purchased services	15,902	8,090	5,237	250	62,923	92,402
Materials and supplies	1,932,052	765,044	272,721	141,789	304,028	3,415,634
Books and periodicals	470,811	2,496	-	20,644	-	493,951
Dues and fees	450	1,148,580	3,201	-	28,427	1,180,658
Miscellaneous	1,028	44,526	777	-	91,746	138,077
Depreciation	264,921	22,738	-	-	2,114	289,773
Interest	-	105,848	-	-	12,304	118,152
<b>Total expenses</b>	<b>\$ 33,379,065</b>	<b>\$ 22,527,713</b>	<b>\$ 12,032,508</b>	<b>\$ 4,745,628</b>	<b>\$ 4,221,337</b>	<b>\$ 76,906,251</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services				Support Services	
	General Instructional	General Non-Instructional	Special Education	Special Programs	Administration	Total
Salaries	\$ 20,212,274	\$ 3,859,734	\$ 8,324,341	\$ 1,500,982	\$ 1,356,870	\$ 35,254,201
Employee benefits	1,891,266	429,814	948,836	162,822	127,683	3,560,421
Retirement	5,020,233	984,367	2,078,354	371,114	338,644	8,792,712
Payroll taxes	355,822	66,409	140,900	23,688	24,586	611,405
Purchased educational services	136,274	2,739	71,870	-	-	210,883
Other purchased professional services	23,985	336,133	91,070	-	128,659	579,847
Purchased technical services	783	127,653	-	-	5,387	133,823
Utilities	-	1,220,294	-	-	-	1,220,294
Repairs and maintenance	19,237	2,649,548	-	-	15,401	2,684,186
Rentals	159,906	579,971	16,338	-	18,810	775,025
Student transportation	2,950	3,147,363	745,520	-	-	3,895,833
Insurance	120,027	1,210,883	53,331	6,735	32,827	1,423,803
Communications	699,765	431,438	109,587	30,895	174,587	1,446,272
Advertising, printing, and binding	4,569	15,176	2,009	-	48,012	69,766
Tuition	656,451	-	119,542	-	-	775,993
Food service	-	1,216,760	-	-	18,494	1,235,254
Travel	9,970	5,576	19,860	-	5,576	40,982
Miscellaneous purchased services	173,889	87,905	-	-	115,548	377,342
Materials and supplies	1,908,131	556,369	492,396	27,286	157,053	3,141,235
Books and periodicals	846,034	-	-	-	-	846,034
Dues and fees	26,232	1,097,969	-	-	11,983	1,136,184
Miscellaneous	6,840	47,938	1,856	-	817,484	874,118
Depreciation	-	170,815	-	-	-	170,815
Interest	-	12,603	-	-	4,167	16,770
	<u>\$ 32,274,638</u>	<u>\$ 18,257,457</u>	<u>\$ 13,215,810</u>	<u>\$ 2,123,522</u>	<u>\$ 3,401,771</u>	<u>\$ 69,273,198</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 7,403,274	\$ 5,761,275
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	289,773	170,815
(Increase) decrease in:		
Grant receivables	(7,538,831)	(3,592,694)
Other receivables	177,744	(256,910)
Prepaid expenses	(1,003,777)	(694,893)
Deposits	-	(20,648)
Increase (decrease) in:		
Accounts payable	4,375,631	871,608
Accrued expenses	225,715	712,462
Deferred revenue	857,096	-
Student activity funds	<u>177,203</u>	<u>(107,199)</u>
Net cash from operating activities	<u>4,963,828</u>	<u>2,843,816</u>
<b><u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u></b>		
Capital expenditures	(333,391)	(37,495)
Purchase of investments	<u>(4,002)</u>	<u>(800)</u>
Net cash (used for) investing activities	<u>(337,393)</u>	<u>(38,295)</u>
<b><u>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</u></b>		
Proceeds from issuance of long-term debt	-	550,000
Payments on long-term debt	(425,000)	-
Payments on capital leases	<u>(846,124)</u>	<u>(233,376)</u>
Net cash from (used for) financing activities	<u>(1,271,124)</u>	<u>316,624</u>
Net increase in cash and cash equivalents	3,355,311	3,122,145
Cash and cash equivalents, beginning of year	<u>11,957,962</u>	<u>8,835,817</u>
Cash and cash equivalents, end of year	<u>\$ 15,313,273</u>	<u>\$ 11,957,962</u>

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Orleans Parish School Board (OPSB) authorized by the Charter School Demonstration Programs Law and approved by the State Board of Elementary and Secondary Education (BESE), granted to InspireNOLA Charter Schools (InspireNOLA), a nonprofit organization organized under the laws of the State of Louisiana and exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, charters to operate the schools below. As authorized by the operating agreement between OPSB and InspireNOLA, InspireNOLA operates the following schools through these dates:

<u>School</u>	<u>Type</u>	<u>Term Date</u>
Dwight D. Eisenhower Charter School	Type 1	June 30, 2023
McDonogh 35 Senior High School	Type 1	June 30, 2024
Pierre Capdau	Type 1	June 30, 2025
Andrew Wilson Charter School	Type 1	June 30, 2025
McDonough 42 Elementary Charter School	Type 3	June 30, 2027
Alice M. Harte Elementary School	Type 3	June 30, 2028
Edna Karr Senior High	Type 3	June 30, 2028
Eleanor McMain Secondary School	Type 3	June 30, 2029

**Principles of Consolidation**

These financial statements have been consolidated to include all accounts of InspireNOLA Charter Schools and its subsidiary, Friends of InspireNOLA.

Friends of InspireNOLA is a support organization established to foster the strategic development goals of InspireNOLA Charter Schools. Friends of InspireNOLA was founded in July of 2019 with operations commencing on July 1, 2020. Friends of InspireNOLA is operated, supervised, and controlled by InspireNOLA Charter Schools.

The accompanying consolidated financial statements are presented on a consolidated basis and significant intercompany accounts have been eliminated.

**Basis of Accounting and Financial Reporting Framework**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, InspireNOLA is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of InspireNOLA. InspireNOLA's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of InspireNOLA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the consolidated statement of cash flows, InspireNOLA considers all demand deposits and highly liquid investments with an initial maturity of less than three months to be cash and cash equivalents.

**Receivables**

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2022 and 2021, no allowance has been recorded as management considers all receivables to be fully collectible.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

InspireNOLA invests in LAMP, which is administered by LAMP, Inc. a non-profit corporation incorporated in the State of Louisiana. 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. The investment in LAMP is valued at fair value, which is determined weekly 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. Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs do not stem directly from quoted prices and include data that is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

No Level 2 or Level 3 inputs were used by InspireNOLA during June 30, 2022 and 2021.

**Property and Equipment and Depreciation**

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. InspireNOLA maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	27 years
Office equipment	5 years

Assets acquired with Louisiana Department of Education (LDOE) funds are owned by InspireNOLA while used in the purpose for which it was purchased. The LDOE however, has a reversionary interest in these assets. Should a charter not be renewed, title in any assets purchased with these funds will revert to the appropriate agency.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

All instructional staff members are granted ten annual leave days at the beginning of each year. School Support Center and non-instructional staff are granted a total of 12 annual leave days per year. Prior to July 1, 2019, employees could roll-forward a maximum of 120 hours and could redeem any unused time for additional compensation at the end of employment. On July 1, 2019, InspireNOLA converted to a use or lose it policy. Employees employed prior to June 30, 2019 are allowed to carry-forward their leave liability balance until they redeem it for extra time-off or additional compensation at the end of employment. As of June 30, 2022 and 2021, the accrued leave liability totaled \$336,051 and \$394,737, respectively.

**Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. InspireNOLA reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the consolidated statement of activities.

Revenues from federal and state grants are recorded when InspireNOLA has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by InspireNOLA, or when otherwise earned under the terms of the grants.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In addition, InspireNOLA receives services donated by parents and community members in carrying out InspireNOLA's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under GAAP.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Expenses**

The costs of providing the various programs and other activities of InspireNOLA have been summarized on a functional basis in the consolidated statements of activities. Directly identifiable expenses are charged to programs, support services, and non-instructional services. Expenses related to more than one function are charged to programs, support services, and non-instructional services on the basis of periodic time and expense studies. Salaries and employee benefits have been allocated based on time and effort. All other allocated expenses have been allocated based on actual expenses incurred.

**Income Tax Status**

InspireNOLA is a Louisiana non-profit organization recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. An IRS Form 990, Return of Organization Exempt from Income Tax, must be filed annually. InspireNOLA believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that require adjustment to the financial statements. Penalties and interest, if any, would be included in income tax expense.

InspireNOLA's federal Form 990 for 2018 through 2020 is subject to examination by the IRS, generally for three years after it was filed. As of the date of this report, an extension has been filed for the 2021 Form 990, which is for the fiscal year ended June 30, 2022.

**New Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, "*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*." This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. This Update is applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The adoption of this update did not have a material impact on InspireNOLA's financial statements.

**Date of Management Review**

Subsequent events have been evaluated through December 23, 2022, which is the date the financial statements were available to be issued.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2022 AND 2021

**(2) STATEMENT OF CASH FLOW SUPPLEMENTARY DISCLOSURES**

Supplemental disclosures of cash flow information at June 30<sup>th</sup>:

Cash paid during the year for:	<u>2022</u>	<u>2021</u>
Interest	<u>\$ 118,152</u>	<u>\$ 16,770</u>

**(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects InspireNOLA’s financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include debt service. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 30,770,902	\$ 20,050,502
Less those unavailable for general expenditure within one year due to:		
Debt service	<u>(103,041)</u>	<u>(626,097)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,667,861</u>	<u>\$ 19,424,405</u>

As part of the InspireNOLA’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. InspireNOLA’s objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of operating expenses. InspireNOLA regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources of InspireNOLA. In addition, InspireNOLA operates with a budget and monitors sources and uses of funds throughout the year by comparing budget to actual operating expenses.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2022 AND 2021

**(4) GRANT RECEIVABLES**

Grant receivables consists of the following at June 30<sup>th</sup>:

	<u>2022</u>	<u>2021</u>
Due from federal government	\$ 984,707	\$ 727,367
Due from State of Louisiana	13,100,123	5,322,647
Due from local government	316,625	812,610
Due from other	<u>331</u>	<u>331</u>
	<u>\$ 14,401,786</u>	<u>\$ 6,862,955</u>

**(5) INVESTMENTS**

The fair value of Level 1 investments is determined by reference to quoted prices in active markets for identical assets and is as follows at June 30<sup>th</sup>:

	<u>2022</u>	<u>2021</u>
LAMP	\$ 797,566	\$ 795,735
Certificate of deposit	<u>112,171</u>	<u>110,000</u>
Total investments	<u>\$ 909,737</u>	<u>\$ 905,735</u>

The following schedule summarizes the investment return and its classification in other income in the consolidated statements of activities for the years ended June 30<sup>th</sup>:

	<u>2022</u>	<u>2021</u>
Dividends and interest	<u>\$ 51,617</u>	<u>\$ 80,585</u>

**(6) PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30<sup>th</sup>:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 1,527,581	\$ 1,381,784
Office equipment	<u>263,659</u>	<u>89,748</u>
	1,791,240	1,471,532
Less accumulated depreciation	<u>(563,540)</u>	<u>(287,450)</u>
Total	<u>\$ 1,227,700</u>	<u>\$ 1,184,082</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$289,773 and \$170,815, respectively.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2022 AND 2021

**(7) INTERFUND ACTIVITY**

InspireNOLA uses a pooled cash account to track interfund receivables and payables. Due to/from pooled cash balances, which are eliminated on the consolidated statements of financial position at June 30, 2022 are as follows:

<u>Due from Pooled Cash</u>	<u>Amount</u>	<u>Due to Pooled Cash</u>	<u>Amount</u>
School Support Center	\$ 6,162,735	School Support Center	\$ 14,580,163
Alice Harte	4,755,403	Alice Harte	1,418,568
Edna Karr	4,375,766	Edna Karr	1,920,281
Andrew Wilson	2,310,631	Andrew Wilson	1,677,763
Inspire 42	775,766	Inspire 42	1,060,687
Eleanor McMain	2,147,194	Eleanor McMain	1,626,194
Dwight Eisenhower	1,866,672	Dwight Eisenhower	1,382,250
McDonogh 35	1,811,304	McDonogh 35	1,434,791
Pierre Capdau	<u>2,057,285</u>	Pierre Capdau	<u>1,162,059</u>
 Total	 <u>\$ 26,262,756</u>		 <u>\$ 26,262,756</u>

The above due to/from other funds were short-term receivables or payables resulting from the normal course of InspireNOLA's operations.

InspireNOLA's transfers in (out), which are eliminated on the consolidated statements of activities, consist of interfund activity for the School Support Center allocation and indirect costs transfers.

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
School Support Center	\$ 7,136,155	School Support Center	\$ 42,008
Alice Harte	339,215	Alice Harte	1,234,895
Edna Karr	803,289	Edna Karr	2,229,028
Andrew Wilson	339,682	Andrew Wilson	1,165,917
Inspire 42	245,158	Inspire 42	752,890
Eleanor McMain	625,618	Eleanor McMain	1,773,855
Dwight Eisenhower	326,262	Dwight Eisenhower	1,098,025
McDonogh 35	474,063	McDonogh 35	1,364,841
Pierre Capdau	<u>236,352</u>	Pierre Capdau	<u>864,335</u>
 Total	 <u>\$ 10,525,794</u>	 Total	 <u>\$ 10,525,794</u>

The above interfund transfers are resulting from the normal course of InspireNOLA's operations and the charter agreement between InspireNOLA and New Orleans Public Schools.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2022 AND 2021

**(8) LONG-TERM DEBT**

InspireNOLA has long-term notes payable as follows at June 30<sup>th</sup>:

	2022	2021
Unsecured loans provided by nonprofit organization for startup operations of InspireNOLA's schools. The loans all bear interest at 1% and principal and accrued interest are payable in full upon maturity. Loans mature from November 30, 2021 through June 30, 2025.	\$ 300,000	\$ 725,000
Small Business Administration Economic Injury Disaster Loan. Installment payments, including Principal and interest, of \$641 monthly, will begin 12 Months from June 5, 2020. Interest will accrue at 2.75%. Matures on June 5, 2050. Secured by equipment.	150,000	150,000
	450,000	875,000
Less: current portion of long-term debt	(103,041)	(425,000)
Total long-term debt, net	\$ 346,959	\$ 450,000

The maturities of long-term debt for next five years and thereafter are as follows:

2023	\$	103,041
2024		103,697
2025		103,800
2026		3,906
2027		4,015
Thereafter		131,541
	\$	450,000

Interest expense totaled \$12,304 and \$4,167 for the years ended June 30, 2022 and 2021, respectively.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2022 AND 2021

**(9) RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions consisted of the following at June 30<sup>th</sup>:

	<u>2022</u>	<u>2021</u>
Act Now	\$ -	\$ 6,275
Emergency Connectivity Fund	6,994	-
Child Nutrition	667,125	-
Education Excellence	4,084	122,522
Pro Bono Publico Foundation	25,442	25,000
LA 4 State	112,918	77,966
Jazz & Heritage In-School Educational Program	3,067	5
Personalized Learning Pilot Grant – NSNO	-	11,944
Charter School Growth Fund	2,049,982	2,061,738
Charter School Growth Fund – Startup	100,000	100,000
Youth Force	8,561	-
Schwab Foundation	134,942	71,172
Start Up & Scaling Expenses – NSNO	-	305,165
Share Our Strength	36,366	40,570
NSNO – Capdau	-	76,851
Charter School Growth Fund – Social Work	-	49,200
Jrue Holiday Grant	-	28,815
National School Lunch Program Equipment	11,474	15,917
IQI Award	4,375	31,129
Laura Bush Foundation	2,050	-
Grammy Museum	82	-
City Fund	42,327	75,000
Jobs for America’s Graduates	30,889	-
Schwab – Back to Normal	50,000	-
Supply Chain Assistance	125,746	-
The Aspen Challenge	<u>7,171</u>	<u>-</u>
Net assets with donor restrictions	<u>\$ 3,423,595</u>	<u>\$ 3,099,269</u>

**(10) RETIREMENT PLAN**

Certain employees of InspireNOLA 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:

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

**(10) RETIREMENT PLAN (CONTINUED)**

*Plan Description*

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits and five years for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information 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. InspireNOLA is required to contribute at an actuarially determined rate. The rate is 25.8% of annual eligible contributions for the TRSL and is established by state law, and rates are established by the Public Retirement System's Actuarial Committee. InspireNOLA's contributions to the plan for the years ended June 30, 2022 and 2021 were \$9,354,806 and \$8,792,712, respectively.

**(11) COMMITMENTS**

**Capital Leases**

During the year ended June 30, 2021, InspireNOLA entered a 62-month lease for an astroturf field. All leases are non-interest bearing. The assets and liabilities under capital leases are recorded at the lesser of the present value of the minimum lease payments or the fair market value of property received. The assets are being amortized over their estimated productive life of five years. Amortization of assets under capital leases is included in depreciation expense for the years ended June 30, 2022 and 2021. As of February 2022, the capital lease was paid in full.

**Operating Leases**

InspireNOLA occupies office space under a lease with the OPSB. The lease was amended to expand the space effective August 1, 2020. Monthly rental payments total \$11,894. The lease expires on December 31, 2022. The future payment for this lease is \$71,364.

InspireNOLA leased two school facilities from the OPSB for Pierre Capdau and McDonogh 42. Monthly rental payments totaled \$24,375 and \$32,819 for the year ended June 30, 2022. As of July 1, 2022, InspireNOLA entered into agreements with the OPSB as further detailed below.

InspireNOLA entered into agreements with the OPSB whereby each school has its own separate agreement which allows InspireNOLA to use the facilities and contents at each location. Lease terms range from June 30, 2023 through June 30, 2029 corresponding with each school's charter agreement.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

**(11) COMMITMENTS (CONTINUED)**

**Operating Leases (Continued)**

All of the aforementioned leases call for payments based on a Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter school's per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related expense to, the OPSB as the value of the use of the land and building is not readily determinable. The agreements are classified as exchange transactions because both parties receive significant value from the arrangements. Accordingly, the present value of the benefit to be received in future years has not been recorded.

For all OPSB leases, InspireNOLA is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

**(12) CONCENTRATIONS OF CREDIT RISK**

InspireNOLA maintains cash in bank accounts in excess of insured limits periodically. InspireNOLA has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of InspireNOLA 's cash is maintained in collateralized bank accounts.

**(13) GRANT PROGRAM CONTINGENCIES**

InspireNOLA participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that InspireNOLA has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2022 and 2021 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and InspireNOLA.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

**(14) ECONOMIC DEPENDENCY**

InspireNOLA receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2022 and 2021 totaled \$55,122,540 and \$55,980,261, respectively. Funding was received from various federal grants passed through the State of Louisiana totaling \$28,389,682 and \$13,975,566 for the years ended June 30, 2022 and 2021, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds InspireNOLA receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds InspireNOLA will receive in fiscal year 2023 relating to its grant awards.

**(15) NEW ACCOUNTING PRONOUNCEMENTS**

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “*Leases*.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, “*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*.” Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. InspireNOLA plans to adopt this Update as applicable by the effective date.

**(16) SUBSEQUENT EVENTS**

InspireNOLA entered into an agreement on August 1, 2022 totaling \$1,910,000 for Phase II of the Edna Karr Football Field to expand the track, update the lighting structure, install a new scoreboard and increase seating bench capacity.

On November 17, 2022, the OPSB approved the consolidation of Pierre Capdau and McDonogh 42 schools into one school which will be renamed Pierre A. Capdau STEAM. The consolidation was necessitated by the under enrollment at each of the existing schools and is expected to result in allowing more students access to higher quality facilities and provide InspireNOLA a better balance of resources to support students.

**(17) RECLASSIFICATIONS**

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

**SUPPLEMENTARY INFORMATION**

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2021**

	InspireNOLA Charter Schools	Friends of InspireNOLA	Eliminating Entries	2022 Total	2021 Total
<b><u>ASSETS:</u></b>					
Cash and cash equivalents	\$ 15,191,317	\$ 121,956	\$ -	\$ 15,313,273	\$ 11,957,962
Investments	909,737	-	-	909,737	905,735
Grant receivables	14,401,786	-	-	14,401,786	6,862,955
Other receivables	146,106	-	-	146,106	323,850
Prepaid expenses	2,153,752	-	-	2,153,752	1,149,975
	<u>32,802,698</u>	<u>121,956</u>	<u>-</u>	<u>32,924,654</u>	<u>21,200,477</u>
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	<u>1,227,700</u>	<u>-</u>	<u>-</u>	<u>1,227,700</u>	<u>1,184,082</u>
<b><u>OTHER ASSETS:</u></b>					
Deposits	116,615	-	-	116,615	116,615
	<u>116,615</u>	<u>-</u>	<u>-</u>	<u>116,615</u>	<u>116,615</u>
Total assets	<u>\$ 34,147,013</u>	<u>\$ 121,956</u>	<u>\$ -</u>	<u>\$ 34,268,969</u>	<u>\$ 22,501,174</u>
<b><u>CURRENT LIABILITIES:</u></b>					
Accounts payable	\$ 6,938,705	\$ -	\$ -	\$ 6,938,705	\$ 2,563,074
Accrued expenses	4,008,934	-	-	4,008,934	3,783,219
Deferred revenue	857,096	-	-	857,096	-
Current portion of capital leases	-	-	-	-	201,097
Current portion of long-term debt	103,041	-	-	103,041	425,000
Student activity funds	547,680	-	-	547,680	370,477
	<u>12,455,456</u>	<u>-</u>	<u>-</u>	<u>12,455,456</u>	<u>7,342,867</u>
<b><u>NON-CURRENT LIABILITIES:</u></b>					
Capital leases, net of current portion	-	-	-	-	645,027
Long-term debt, net of current portion	346,959	-	-	346,959	450,000
	<u>346,959</u>	<u>-</u>	<u>-</u>	<u>346,959</u>	<u>1,095,027</u>
Total non-current liabilities	<u>346,959</u>	<u>-</u>	<u>-</u>	<u>346,959</u>	<u>1,095,027</u>
Total liabilities	<u>12,802,415</u>	<u>-</u>	<u>-</u>	<u>12,802,415</u>	<u>8,437,894</u>
<b><u>NET ASSETS:</u></b>					
Without donor restrictions	17,921,003	121,956	-	18,042,959	10,964,011
With donor restrictions	3,423,595	-	-	3,423,595	3,099,269
	<u>21,344,598</u>	<u>121,956</u>	<u>-</u>	<u>21,466,554</u>	<u>14,063,280</u>
Total net assets	<u>21,344,598</u>	<u>121,956</u>	<u>-</u>	<u>21,466,554</u>	<u>14,063,280</u>
Total liabilities and net assets	<u>\$ 34,147,013</u>	<u>\$ 121,956</u>	<u>\$ -</u>	<u>\$ 34,268,969</u>	<u>\$ 22,501,174</u>

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
WITH SUMMARIZED INFORMATION AT JUNE 30, 2021

	InspireNOLA Charter Schools			Friends of InspireNOLA			Eliminating Entries	2022 Total	2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
<b>REVENUE:</b>									
State/Local public school funding	\$ 55,122,540	\$ -	\$ 55,122,540	\$ -	\$ -	\$ -	\$ -	\$ 55,122,540	\$ 55,980,261
Federal grants	-	27,450,849	27,450,849	-	-	-	-	27,450,849	13,031,162
Other state funding	17,520	921,313	938,833	-	-	-	-	938,833	944,404
Grants and contributions	8,551	355,681	364,232	31,990	-	31,990	-	396,222	2,143,028
Other income	396,242	4,839	401,081	-	-	-	-	401,081	2,935,618
Net assets released from restrictions	28,408,356	(28,408,356)	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>83,953,209</b>	<b>324,326</b>	<b>84,277,535</b>	<b>31,990</b>	<b>-</b>	<b>31,990</b>	<b>-</b>	<b>84,309,525</b>	<b>75,034,473</b>
<b>EXPENSES:</b>									
Program services:									
General instructional	33,379,065	-	33,379,065	-	-	-	-	33,379,065	32,274,638
General non-instructional	22,527,713	-	22,527,713	-	-	-	-	22,527,713	18,257,457
Special education	12,032,508	-	12,032,508	-	-	-	-	12,032,508	13,215,810
Special programs	4,745,628	-	4,745,628	-	-	-	-	4,745,628	2,123,522
Administration	4,193,016	-	4,193,016	28,321	-	28,321	-	4,221,337	3,401,771
<b>Total expenses</b>	<b>76,877,930</b>	<b>-</b>	<b>76,877,930</b>	<b>28,321</b>	<b>-</b>	<b>28,321</b>	<b>-</b>	<b>76,906,251</b>	<b>69,273,198</b>
Change in net assets	7,075,279	324,326	7,399,605	3,669	-	3,669	-	7,403,274	5,761,275
Net assets, beginning of year	10,845,724	3,099,269	13,944,993	118,287	-	118,287	-	14,063,280	8,302,005
Net assets, end of year	\$ 17,921,003	\$ 3,423,595	\$ 21,344,598	\$ 121,956	\$ -	\$ 121,956	\$ -	\$ 21,466,554	\$ 14,063,280

(See Independent Auditors' Report)

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**COMBINING STATEMENT OF FINANCIAL POSITION BY SCHOOL**  
**JUNE 30, 2022**  
**WITH SUMMARIZED INFORMATION AT JUNE 30, 2021**

	School Support Center	Alice Harte Charter School	Edna Karr High School	Andrew Wilson Charter School	Inspire 42 Charter School	Eleanor McMain Secondary School	Dwight Eisenhower Charter School	McDonogh 35 Senior High School	Pierre Capdau Charter School	Interfund Eliminations	2022 Total	2021 Total
<b><u>CURRENT ASSETS:</u></b>												
Cash and cash equivalents	\$ 14,541,885	\$ 142,768	\$ 286,884	\$ 21,929	\$ 7,358	\$ 64,166	\$ 36,090	\$ 68,052	\$ 22,185	\$ -	\$ 15,191,317	\$ 11,839,675
Investments	797,566	112,171	-	-	-	-	-	-	-	-	909,737	905,735
Grant receivables	38,682	1,602,772	2,696,387	2,037,178	1,248,122	1,738,166	1,577,161	2,241,952	1,221,366	-	14,401,786	6,862,955
Other receivables	28,609	16,958	11,484	16,992	15,892	21,208	13,222	18,917	2,824	-	146,106	323,850
Due from pooled cash	6,162,735	4,755,403	4,375,766	2,310,631	775,766	2,147,194	1,866,672	1,811,304	2,057,285	(26,262,756)	-	-
Prepaid expenses	535,752	263,056	160,129	230,554	191,132	154,418	238,932	141,659	238,120	-	2,153,752	1,149,975
Total current assets	22,105,229	6,893,128	7,530,650	4,617,284	2,238,270	4,125,152	3,732,077	4,281,884	3,541,780	(26,262,756)	32,802,698	21,082,190
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>												
	34,906	-	1,036,096	-	24,404	66,711	41,008	18,213	6,362	-	1,227,700	1,184,082
<b><u>OTHER ASSETS:</u></b>												
Deposits	-	12,944	19,651	22,178	19,679	24,108	-	-	18,055	-	116,615	116,615
Total other assets	-	12,944	19,651	22,178	19,679	24,108	-	-	18,055	-	116,615	116,615
Total assets	\$ 22,140,135	\$ 6,906,072	\$ 8,586,397	\$ 4,639,462	\$ 2,282,353	\$ 4,215,971	\$ 3,773,085	\$ 4,300,097	\$ 3,566,197	\$ (26,262,756)	\$ 34,147,013	\$ 22,382,887
<b><u>CURRENT LIABILITIES</u></b>												
Accounts payable	\$ 608,843	\$ 645,088	\$ 806,604	\$ 790,862	\$ 681,994	\$ 859,660	\$ 787,356	\$ 528,783	\$ 1,229,515	\$ -	\$ 6,938,705	\$ 2,563,074
Accrued expenses	285,550	484,484	669,682	501,485	253,820	594,029	498,315	415,479	306,090	-	4,008,934	3,783,219
Deferred revenue	-	113,404	174,591	101,070	62,468	138,391	91,780	101,231	74,161	-	857,096	-
Current portion of capital leases	-	-	-	-	-	-	-	-	-	-	-	201,097
Current portion of long-term debt	103,041	-	-	-	-	-	-	-	-	-	103,041	425,000
Due to pooled cash	14,580,163	1,418,568	1,920,281	1,677,763	1,060,687	1,626,194	1,382,250	1,434,791	1,162,059	(26,262,756)	-	-
Student activity funds	-	41,016	286,884	21,929	7,358	64,166	36,090	68,052	22,185	-	547,680	370,477
Total current liabilities	15,577,597	2,702,560	3,858,042	3,093,109	2,066,327	3,282,440	2,795,791	2,548,336	2,794,010	(26,262,756)	12,455,456	7,342,867
<b><u>NON-CURRENT LIABILITIES</u></b>												
Capital leases, net of current portion	-	-	-	-	-	-	-	-	-	-	-	645,027
Long-term debt, net of current portion	346,959	-	-	-	-	-	-	-	-	-	346,959	450,000
Total non-current liabilities	346,959	-	-	-	-	-	-	-	-	-	346,959	1,095,027
Total liabilities	15,924,556	2,702,560	3,858,042	3,093,109	2,066,327	3,282,440	2,795,791	2,548,336	2,794,010	(26,262,756)	12,802,415	8,437,894
<b><u>NET ASSETS</u></b>												
Without donor restrictions	3,838,329	4,086,547	4,538,139	1,358,224	48,694	800,805	871,234	1,654,161	724,870	-	17,921,003	10,845,724
With donor restrictions	2,377,250	116,965	190,216	188,129	167,332	132,726	106,060	97,600	47,317	-	3,423,595	3,099,269
Total net assets	6,215,579	4,203,512	4,728,355	1,546,353	216,026	933,531	977,294	1,751,761	772,187	-	21,344,598	13,944,993
Total liabilities and net assets	\$ 22,140,135	\$ 6,906,072	\$ 8,586,397	\$ 4,639,462	\$ 2,282,353	\$ 4,215,971	\$ 3,773,085	\$ 4,300,097	\$ 3,566,197	\$ (26,262,756)	\$ 34,147,013	\$ 22,382,887

(See Independent Auditors' Report)

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**COMBINING STATEMENT OF ACTIVITIES BY SCHOOL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021**

	School Support Center	Alice Harte Charter School	Edna Karr High School	Andrew Wilson Charter School	Inspire 42 Charter School	Eleanor McMain Secondary School	Dwight Eisenhower Charter School	McDonogh 35 Senior High School	Pierre Capdau Charter School	Interfund Eliminations	2022 Total	2021 Total
<b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u></b>												
<b><u>REVENUE:</u></b>												
State/Local public school funding	\$ -	\$ 6,907,040	\$ 11,145,474	\$ 6,404,577	\$ 3,850,775	\$ 8,826,422	\$ 5,913,102	\$ 6,922,759	\$ 5,152,391	\$ -	\$ 55,122,540	\$ 55,980,261
Federal grants	-	-	-	-	-	-	-	-	-	-	-	-
Other state funding	-	-	8,687	-	-	1,437	-	7,396	-	-	17,520	6,945
Grants and contributions	-	1,150	-	-	1,150	5,101	-	1,150	-	-	8,551	14,781
Other income	92,056	65,180	8,690	5,262	7,210	814	181,680	25,186	10,164	-	396,242	2,044,898
Net assets released from restrictions	525,038	3,793,697	3,918,399	3,592,524	2,727,844	3,572,005	3,873,683	3,581,889	2,823,277	-	28,408,356	15,426,065
<b>Total revenue</b>	<b>617,094</b>	<b>10,767,067</b>	<b>15,081,250</b>	<b>10,002,363</b>	<b>6,586,979</b>	<b>12,405,779</b>	<b>9,968,465</b>	<b>10,538,380</b>	<b>7,985,832</b>	<b>-</b>	<b>83,953,209</b>	<b>73,472,950</b>
<b><u>EXPENSES:</u></b>												
Program services:												
General instructional	808,158	3,925,148	6,186,868	3,739,881	2,497,255	5,155,436	3,995,559	4,096,694	2,974,066	-	33,379,065	32,274,638
General non-instructional	28,973	2,622,636	3,711,713	2,378,847	1,942,246	3,773,648	2,271,013	3,279,275	2,519,362	-	22,527,713	18,257,457
Special education	1,086,170	1,391,286	1,879,570	1,192,423	710,398	1,748,601	1,288,493	1,575,855	1,159,712	-	12,032,508	13,215,810
Special programs	115,096	651,123	539,083	867,087	609,733	467,409	1,014,808	216,327	264,962	-	4,745,628	2,123,522
Administration	4,193,016	-	-	-	-	-	-	-	-	-	4,193,016	3,369,806
<b>Total expenses</b>	<b>6,231,413</b>	<b>8,590,193</b>	<b>12,317,234</b>	<b>8,178,238</b>	<b>5,759,632</b>	<b>11,145,094</b>	<b>8,569,873</b>	<b>9,168,151</b>	<b>6,918,102</b>	<b>-</b>	<b>76,877,930</b>	<b>69,241,233</b>
<b><u>TRANSFERS IN/OUT:</u></b>												
Transfers in	7,136,155	339,215	803,289	339,682	245,158	625,618	326,262	474,063	236,352	(10,525,794)	-	-
Transfers out	(42,008)	(1,234,895)	(2,229,028)	(1,165,917)	(752,890)	(1,773,855)	(1,098,025)	(1,364,841)	(864,335)	10,525,794	-	-
<b>Total transfers in/out</b>	<b>7,094,147</b>	<b>(895,680)</b>	<b>(1,425,739)</b>	<b>(826,235)</b>	<b>(507,732)</b>	<b>(1,148,237)</b>	<b>(771,763)</b>	<b>(890,778)</b>	<b>(627,983)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets without donor restrictions</b>	<b>1,479,828</b>	<b>1,281,194</b>	<b>1,338,277</b>	<b>997,890</b>	<b>319,615</b>	<b>112,448</b>	<b>626,829</b>	<b>479,451</b>	<b>439,747</b>	<b>-</b>	<b>7,075,279</b>	<b>4,231,717</b>
<b><u>NET ASSETS WITH DONOR RESTRICTIONS:</u></b>												
State/Local public school funding	-	-	-	-	-	-	-	-	-	-	-	233,511
Federal grants	250,178	3,622,530	3,969,992	3,558,291	2,707,831	3,597,832	3,760,652	3,301,579	2,681,964	-	27,450,849	13,562,701
Other state funding	-	242,150	47,087	194,495	99,112	35,489	194,352	7,116	101,512	-	921,313	122,219
Grants and contributions	295,000	5,000	16,075	-	-	24,075	-	15,531	-	-	355,681	1,600,275
Other income	-	605	605	605	605	605	605	604	605	-	4,839	1,318,630
Net assets released from restrictions	(525,038)	(3,793,697)	(3,918,399)	(3,592,524)	(2,727,844)	(3,572,005)	(3,873,683)	(3,581,889)	(2,823,277)	-	(28,408,356)	(15,426,065)
<b>Change in net assets with donor restrictions</b>	<b>20,140</b>	<b>76,588</b>	<b>115,360</b>	<b>160,867</b>	<b>79,704</b>	<b>85,996</b>	<b>81,926</b>	<b>(257,059)</b>	<b>(39,196)</b>	<b>-</b>	<b>324,326</b>	<b>1,411,271</b>
<b>Net assets, beginning of year</b>	<b>4,715,611</b>	<b>2,845,730</b>	<b>3,274,718</b>	<b>387,596</b>	<b>(183,293)</b>	<b>735,087</b>	<b>268,539</b>	<b>1,529,369</b>	<b>371,636</b>	<b>-</b>	<b>13,944,993</b>	<b>8,302,005</b>
<b>Net assets, end of year</b>	<b>\$ 6,215,579</b>	<b>\$ 4,203,512</b>	<b>\$ 4,728,355</b>	<b>\$ 1,546,353</b>	<b>\$ 216,026</b>	<b>\$ 933,531</b>	<b>\$ 977,294</b>	<b>\$ 1,751,761</b>	<b>\$ 772,187</b>	<b>\$ -</b>	<b>\$ 21,344,598</b>	<b>\$ 13,944,993</b>

(See Independent Auditors' Report)

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Jamar McKneely, CEO</u>
	<u>06/30/21</u>
	through
	<u>06/30/22</u>
Time served	
Salary	\$ 230,000
Other compensation	42,400
Benefits - employer portion of TRSL	69,552
Benefits - employer portion of medical	8,375
Benefits - employer portion of life	1,064
Medicare	3,914
State unemployment	137
Worker's compensation	1,719
Car allowance	3,600
Travel	3,264
Communications	1,723
Technology related supplies	2,521
Special meals	<u>7,451</u>
Total compensation, benefits, and other payments	<u>\$ 375,720</u>

**OTHER REPORTING REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of InspireNOLA Charter Schools and Subsidiary (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 23, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered InspireNOLA Charter Schools and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of InspireNOLA Charter Schools and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the InspireNOLA Charter Schools and Subsidiary'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 were not identified.



To the Board of Directors  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

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

As part of obtaining reasonable assurance about whether InspireNOLA Charter Schools and Subsidiary's consolidated 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 InspireNOLA Charter Schools and Subsidiary'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 InspireNOLA Charter Schools and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 23, 2022  
New Orleans, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**SINGLE AUDIT SECTION**



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

To the Board of Directors of  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited InspireNOLA Charter Schools and Subsidiary's 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 each of InspireNOLA Charter Schools and Subsidiary's major federal programs for the year ended June 30, 2022. InspireNOLA Charter Schools and Subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, InspireNOLA Charter Schools and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 InspireNOLA Charter Schools and Subsidiary 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 each major federal program. Our audit does not provide a legal determination of InspireNOLA Charter Schools and Subsidiary'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 InspireNOLA Charter Schools and Subsidiary's federal programs.



To the Board of Directors  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

***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 InspireNOLA Charter Schools and Subsidiary’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 generally accepted auditing standards, *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 InspireNOLA Charter Schools and Subsidiary’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 InspireNOLA Charter Schools and Subsidiary’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 InspireNOLA Charter Schools and Subsidiary’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 InspireNOLA Charter School and Subsidiary’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.



To the Board of Directors  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

## **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.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 23, 2022  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<b><u>U.S. Department of Education</u></b>		
Charter Schools	84.282	\$ 678,906
<i>Pass-through from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	3,960,908
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 2,372,780
Special Education - Preschool Grants	84.173	<u>13,365</u>
Total Special Education Cluster		2,386,145
English Language Acquisition State Grants	84.365	43,006
School Improvement Grants	84.377	21,340
Improving Teacher Quality State Grants	84.367	13,591
Student Support and Academic Enrichment Program	84.424	72,227
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	10,193,730
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4,316,700
COVID-19 American Rescue Plan Homeless Children and Youth	84.425W	<u>75,816</u>
Total Education Stabilization Fund		14,586,246
<i>Pass-through from Louisiana Board of Regents</i>		
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	37,906
<i>Pass-through from New Orleans Business Alliance</i>		
Career and Technical Education - Basic Grants to States	84.048	105,025
<i>Pass-through from National Institute for Excellence in Teaching</i>		
Teacher and School Leader Incentive Grants	84.374	<u>166,804</u>
Total U.S. Department of Education		<u>22,072,104</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
<i>Pass-through from Louisiana Department of Education</i>		
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	<u>116,000</u>
Total U.S. Department of Health and Human Services		<u>116,000</u>
<b><u>Federal Communication Commission</u></b>		
COVID-19 Emergency Connectivity Program	32.009	<u>497,500</u>
Total Federal Communication Commission		<u>497,500</u>
<b><u>U.S. Department of Agriculture</u></b>		
<i>Pass-through from Louisiana Department of Education</i>		
Child Nutrition Cluster		
National School Lunch Program	10.555	<u>3,994,705</u>
Total Child Nutrition Cluster		3,994,705
Pandemic EBT Administrative Costs	10.649	<u>5,814</u>
Total U.S. Department of Agriculture		<u>4,000,519</u>
Total expenditures of federal awards		<u>\$ 26,686,123</u>

(See Independent Auditors' Report)

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**(1) BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of InspireNOLA Charter Schools and Subsidiary under programs of the federal government for the year ended June 30, 2022. The information in the 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 InspireNOLA Charter Schools and Subsidiary, it is not intended to and does not present the financial position, changes in net assets, or cash flows of InspireNOLA Charter Schools and Subsidiary.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Expense Recognition**

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 allowed or are limited as to reimbursement.

**Payments to Subrecipients**

There were no payments to subrecipients for the fiscal year ended June 30, 2022.

**Non-Cash Assistance**

Nonmonetary assistance in the amount of \$115,737 is reported in the schedule of expenditures of federal awards as AL No. 10.555 at the fair market value of the commodities received and disbursed.

**(3) INDIRECT COST RATE**

InspireNOLA Charter Schools and Subsidiary has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**I. SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of InspireNOLA Charter Schools and Subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements were reported in the 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*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for InspireNOLA Charter Schools and Subsidiary expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were Title I Grants to Local Educational Agencies (AL No. 84.010), and Education Stabilization Fund (AL Nos. 84.425D, 84.425U, and 84.425W).
8. The threshold for distinguishing Types A and B programs was \$800,584.
9. InspireNOLA Charter Schools and Subsidiary was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2022.

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings related to the consolidated financial statements for the year ended June 30, 2022.

**III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

There were no findings related to major federal awards programs for the year ended June 30, 2022.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL  
TO THE FINANCIAL STATEMENTS**

Not applicable

**II. INTERNAL CONTROL AND COMPLIANCE MATERIAL  
TO THE FEDERAL AWARDS**

Not applicable

**III. MANAGEMENT LETTER**

A management letter was issued for the year ended June 30, 2021.

**SCHEDULES REQUIRED BY STATE LAW  
(PERFORMANCE STATISTICAL DATA)**



## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of  
InspireNOLA Charter Schools and Subsidiary  
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of InspireNOLA Charter Schools and Subsidiary for the fiscal year ended June 30, 2022 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 InspireNOLA Charter Schools and Subsidiary is responsible for its performance and statistical data.

InspireNOLA Charter Schools and Subsidiary 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.

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 sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - a. Total General Fund Instructional Expenditures,
  - b. Total General Fund Equipment Expenditures,
  - c. Total Local Taxation Revenue,
  - d. Total Local Earnings on Investment in Real Property,
  - e. Total State Revenue in Lieu of Taxes,
  - f. Nonpublic Textbook Revenue,
  - g. Nonpublic Transportation Revenue.

No exceptions were found as a result of applying the procedure.



To the Board of Directors  
InspireNOLA Charter Schools and Subsidiary

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 roll books for those classes and observed that the class was properly classified on the schedule.

No exceptions were found as a result of applying the procedure.

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

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

No exceptions were found as a result of applying the procedure.

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 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 (or equivalent listing prepared by management).

No exceptions were found as a result of applying the procedure.

We were engaged by InspireNOLA Charter Schools and Subsidiary 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.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors  
InspireNOLA Charter Schools and Subsidiary

We are required to be independent of InspireNOLA Charter Schools and Subsidiary 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 and results of testing performed on the performance and statistical data accompanying the annual financial statements of the InspireNOLA Charter Schools and Subsidiary, as required by Louisiana Revised Statute 24:514.I, and for the information and use of InspireNOLA Charter Schools and Subsidiary, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 23, 2022  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND**  
**CERTAIN LOCAL REVENUE SOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES**

	<u>Column A</u>	<u>Column B</u>
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 15,774,379	
Other instructional staff salaries	2,112,888	
Instructional staff employee benefits	6,954,056	
Purchased professional and technical services	97,136	
Instructional materials and supplies	1,166,942	
Instructional equipment	<u>-</u>	
Total teacher and students interaction activities		\$ 26,105,401
Other instructional activities		1,180,509
Pupil support services	3,934,491	
Less: equipment for pupil support services	<u>-</u>	
Net pupil support services		3,934,491
Instructional staff services	1,779,252	
Less: equipment for instructional staff services	<u>-</u>	
Net instructional staff services		1,779,252
School administration	4,223,887	
Less: equipment for school administration	<u>-</u>	
Net school administration		<u>4,223,887</u>
Total general fund instructional expenditures (total of column B)		<u>\$ 37,223,540</u>
Total general fund equipment expenditures		<u>\$ -</u>
 <b><u>CERTAIN LOCAL REVENUE SOURCES</u></b>		
Total local taxation revenue		<u>\$ -</u>
Total local earnings on investment in real property		<u>\$ -</u>
Total state revenue in lieu of taxes		<u>\$ -</u>
Nonpublic textbook revenue		<u>\$ -</u>
Nonpublic transportation revenue		<u>\$ -</u>

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CLASS SIZE CHARACTERISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**AS OF OCTOBER 1, 2021**

	<b>CLASS SIZE RANGE</b>							
	1-20		21-26		27-33		34+	
<b>SCHOOL TYPE:</b>	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	15%	99	33%	210	37%	239	8%	53
Elementary/Activity Classes	1%	9	3%	18	1%	6	1%	6
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	34%	413	18%	215	21%	248	15%	185
High Activity Classes	6%	68	1%	15	2%	30	3%	32
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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.

**INSPIRENOLA CHARTER SCHOOLS**  
**AND SUBSIDIARY**  
**LOUISIANA LEGISLATIVE AUDITOR**  
**STATEWIDE AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2022**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of  
InspireNOLA Charter Schools  
New Orleans, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2022. InspireNOLA Charter Schools' management is responsible for those C/C areas identified in the SAUPs.

InspireNOLA Charter Schools 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 C/C areas identified in LLA's SAUPs for the year ended June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its 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.

The procedures and associated findings are attached in Schedule "1."

We were engaged by InspireNOLA Charter Schools 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 applicable standards of *Government Auditing Standards*. 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 those C/C areas identified in the SAUPs. 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.

We are required to be independent of InspireNOLA Charter Schools 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 those C/C areas identified in the SAUPs, 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 LLA as a public document.

December 23, 2022  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**INSPIRENOLA CHARTER SCHOOLS**  
**AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**WRITTEN POLICIES AND PROCEDURES**

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

**INSPIRENOLA CHARTER SCHOOLS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were found as a result of applying the procedure. As a charter school, InspireNOLA is not subject to sexual harassment requirements.

**BOARD OR FINANCE COMMITTEE**

- 2. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Results:** No exceptions were found as a result of applying the procedures.

**BANK RECONCILIATIONS**

- 3. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month

**INSPIRENOLA CHARTER SCHOOLS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were found as a result of applying the procedures.

**COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)**

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** No exceptions were found as a result of applying the procedures.

**INSPIRENOLA CHARTER SCHOOLS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

**Results:** No exceptions were found as a result of applying the procedure.

7. **Procedures:** Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the ten deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** No exceptions were found as a result of applying the procedures.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.

**INSPIRENOLA CHARTER SCHOOLS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Results:** No exceptions were found as a result of applying the procedures.

10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** No exceptions were found as a result of applying the procedures.

**CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS**

11. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. **Procedures:** Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** No exceptions were found as a result of applying the procedures.

13. **Procedures:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than

**INSPIRENOLA CHARTER SCHOOLS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were found as a result of applying the procedures.

**TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

14. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana in PPM49 (<https://www.doa.la.gov/pages/osp/travel/TravelPolicy.aspx>) or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of applying the procedures.

**CONTRACTS**

15. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

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- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).
- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions were found as a result of applying the procedures.

**PAYROLL AND PERSONNEL**

16. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. **Procedures:** Randomly select one pay period during the fiscal period. For the five employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**Results:** No exceptions were found as a result of applying the procedures.

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18. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

**Results:** No exceptions were found as a result of applying the procedure.

19. **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of applying the procedure.

**ETHICS**

20. **Procedures:** Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Results:** No exceptions were found as a result of applying the procedures.

**DEBT SERVICE**

21. **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

**Results:** Not applicable; no debt instruments were issued during the fiscal period.

22. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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**Results:** No exceptions were found as a result of applying the procedure.

**FRAUD NOTICE**

23. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results:** No exceptions were found as a result of applying the procedure.

24. **Procedure:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were found as a result of applying the procedure.

**INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY**

25. **Procedures:** Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.
- c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** We performed the procedures and discussed the results with management.

**SEXUAL HARASSMENT**

26. **Procedures:** Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from

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**AGREED-UPON PROCEDURES (CONTINUED)**  
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management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. **Procedure**: Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. **Procedure**: Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Results**: Not applicable; as a charter school, InspireNOLA is not subject to sexual harassment laws or training requirements.