



IDEA Public Schools Louisiana, Inc.

FINANCIAL STATEMENTS

June 30, 2023

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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of IDEA Public Schools Louisiana, Inc. and Affiliate (a nonprofit organization) (the School), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, and Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying schedule of compensation, benefits and other payments made to agency head are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures

applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, LA

January 17, 2024



FINANCIAL STATEMENTS



IDEA Public Schools Louisiana, Inc.
Statement of Financial Position

| <i>June 30,</i> | 2023 |
|---|---------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 2,643,599 |
| Restricted cash | 44,222 |
| Grants receivable - federal and state | 3,790,634 |
| Grants receivable - other | 25,000 |
| Due from subrecipient grantor | 5,985,487 |
| Other assets | 21,207 |
| Total current assets | 12,510,149 |
| Non-current assets | |
| Property and equipment, net | 221,192 |
| Operating lease right-of-use assets, net | 28,975,505 |
| Total non-current assets | 29,196,697 |
| Total assets | \$ 41,706,846 |
| Liabilities and Net Assets | |
| Current liabilities | |
| Accounts payable | \$ 2,877,272 |
| Accrued expenses | 1,554,943 |
| Due to management company | 4,719,873 |
| Current portion of operating lease liabilities | 4,049,002 |
| Other liabilities | 22,473 |
| Total current liabilities | 13,223,563 |
| Long-term liabilities | |
| Operating lease liabilities, less current portion | 24,453,762 |
| Total long-term liabilities | 24,453,762 |
| Total Liabilities | 37,677,325 |
| Net assets | |
| Without donor restrictions | (2,157,716) |
| With donor restrictions | 6,187,237 |
| Total net assets | 4,029,521 |
| Total liabilities and net assets | \$ 41,706,846 |

The accompanying notes are an integral part of this financial statement.

IDEA Public Schools Louisiana, Inc.
Statement of Activities

For the year ended June 30,

2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Public Support and Other Revenues | | | |
| Grants - federal sources | \$ - | \$ 4,189,547 | \$ 4,189,547 |
| Grants - state and local sources | - | 38,019,386 | 38,019,386 |
| Grants - private sources | - | 70,681 | 70,681 |
| Contributions of nonfinancial assets | - | 1,232,716 | 1,232,716 |
| Miscellaneous | - | 17,063 | 17,063 |
| Net assets released from restrictions | 40,314,348 | (40,314,348) | - |
| Total public support and other revenues | 40,314,348 | 3,215,045 | 43,529,393 |
| Expenses | | | |
| <i>Program services</i> | | | |
| Instructional | 14,332,668 | - | 14,332,668 |
| School administration | 6,552,162 | - | 6,552,162 |
| Pupil support services | 1,264,835 | - | 1,264,835 |
| Instructional staff services | 405,865 | - | 405,865 |
| Total program services | 22,555,530 | - | 22,555,530 |
| <i>Supporting services</i> | | | |
| Management and general | 4,165,022 | - | 4,165,022 |
| Business services | 9,717 | - | 9,717 |
| Ancillary services | 13,592,096 | - | 13,592,096 |
| Fundraising | 986 | - | 986 |
| Total supporting services | 17,767,821 | - | 17,767,821 |
| Total expenses | 40,323,351 | - | 40,323,351 |
| Income (Loss) from Operations | (9,003) | 3,215,045 | 3,206,042 |
| Change in Net Assets | (9,003) | 3,215,045 | 3,206,042 |
| Net assets at beginning of year | (2,758,765) | 3,841,518 | 1,082,753 |
| Cumulative adjustment for ASC 842 implementation (Note 2) | - | (869,326) | (869,326) |
| Transfer of interest (Note 1) | 610,052 | - | 610,052 |
| Net assets at end of year | \$ (2,157,716) | \$ 6,187,237 | \$ 4,029,521 |

The accompanying notes are an integral part of this financial statement.

IDEA Public Schools Louisiana, Inc.
Statement of Functional Expenses

| <i>For the year ended June 30, 2023</i> | Program Services | | | | | Supporting Services | | | | | Total |
|---|----------------------|-----------------------|------------------------|------------------------------|----------------------|------------------------|-------------------|----------------------|---------------|----------------------|----------------------|
| | Instructional | School administration | Pupil support services | Instructional staff services | Programs subtotal | Management and general | Business services | Ancillary services | Fundraising | Supporting subtotal | |
| Audit services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 69,580 | \$ - | \$ - | \$ - | \$ 69,580 | \$ 69,580 |
| Contracted salaries and benefits | 10,846,726 | 2,837,552 | 685,545 | 213,678 | 14,583,501 | 1,552,708 | 3,755 | 4,496,502 | 986 | 6,053,951 | 20,637,452 |
| Contracted services | 209,818 | 3,627,854 | 264,327 | 153,566 | 4,255,566 | 29,102 | 5,445 | 285,280 | - | 319,826 | 4,575,392 |
| Depreciation | - | - | - | - | - | 9,004 | - | 14,018 | - | 23,022 | 23,022 |
| Dues | 600 | - | - | - | 600 | - | 499 | - | - | 499 | 1,099 |
| Food | - | - | - | - | - | - | - | 1,266,091 | - | 1,266,091 | 1,266,091 |
| Insurance | - | - | - | - | - | - | - | 935,519 | - | 935,519 | 935,519 |
| Legal services | - | - | - | - | - | 452,510 | - | - | - | 452,510 | 452,510 |
| Miscellaneous | 3,850 | 1,371 | - | - | 5,221 | 1,986,640 | - | 10,649 | - | 1,997,289 | 2,002,510 |
| Non-food | - | - | - | - | - | - | - | 199,460 | - | 199,460 | 199,460 |
| Operating leases | 346,178 | - | 241,209 | - | 587,387 | 11,760 | - | 4,596,537 | - | 4,608,297 | 5,195,684 |
| Other professional services | 1,607,827 | 22,000 | - | - | 1,629,827 | 100 | - | 10,008 | - | 10,108 | 1,639,935 |
| Rentals - One Time | 1,215 | - | - | - | 1,215 | - | - | - | - | - | 1,215 |
| Repairs and maintenance | 91,580 | - | 1,623 | - | 93,203 | 5,670 | - | 587,020 | - | 592,690 | 685,893 |
| Staff tuition fees | - | - | - | 500 | 500 | - | - | - | - | - | 500 |
| Supplies | 890,894 | 25,392 | 31,529 | 34,600 | 982,416 | 6,834 | 18 | 390,798 | - | 397,650 | 1,380,065 |
| Testing and reading materials | 55,494 | - | 18,471 | - | 73,964 | - | - | - | - | - | 73,964 |
| Textbooks | 264,006 | - | - | - | 264,006 | - | - | - | - | - | 264,006 |
| Travel | 14,481 | 17,369 | - | 3,520 | 35,370 | 39,386 | - | 274,782 | - | 314,168 | 349,538 |
| Utilities | - | 20,624 | 22,130 | - | 42,754 | 1,729 | - | 525,433 | - | 527,162 | 569,916 |
| Total | \$ 14,332,668 | \$ 6,552,162 | \$ 1,264,835 | \$ 405,865 | \$ 22,555,530 | \$ 4,165,022 | \$ 9,717 | \$ 13,592,096 | \$ 986 | \$ 17,767,821 | \$ 40,323,351 |

The accompanying notes are an integral part of this financial statement.

IDEA Public Schools Louisiana, Inc.
Statement of Cash Flows

For the years ended June 30,

2023

Operating Activities

| | |
|--|--------------|
| Changes in net assets | \$ 3,206,042 |
| Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities: | |
| Depreciation | 23,022 |
| Amortization of right-of-use assets | 3,733,778 |
| Changes in operating assets and liabilities: | |
| Grants receivable | (994,621) |
| Due from subrecipient grantor | (1,523,216) |
| Other current assets | 4,878 |
| Accounts payable | 2,391,660 |
| Accrued expenses | 1,037,892 |
| Operating lease liabilities | (4,881,977) |
| Due to management company | (583,740) |
| Other liabilities | (310,474) |
| Net cash (used in) provided by operating activities | 2,103,244 |

Investing Activities

| | |
|---------------------------------------|----------|
| Purchases of property and equipment | (25,358) |
| Net cash used in investing activities | (25,358) |

Net change in cash, cash equivalents, and restricted cash 2,077,886

Cash, cash equivalents, and restricted cash at beginning of year 609,935

Cash, cash equivalents, and restricted cash at end of year \$ 2,687,821

SUPPLEMENTARY CASH FLOW INFORMATION

Reconciliation to statement of financial position

| | |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 2,643,599 |
| Restricted cash | 44,222 |

Cash, cash equivalents, and restricted cash at end of year **\$ 2,687,821**

Schedule of Noncash Transactions

| | |
|---|------------|
| Lease liabilities arising from obtaining right-of-use assets: | |
| Operating leases | \$ 211,291 |

The accompanying notes are an integral part of this financial statement.

IDEA Public Schools Louisiana, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

IDEA Public Schools Louisiana, Inc. (IDEA LA) is a Louisiana nonprofit corporation formed in February 2016. The School operates and does business as Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools Louisiana. The School is an East Baton Rouge Parish School Board authorized, open enrollment Type 1 charter school. The East Baton Rouge Parish School Board pursuant to Chapter 2, Title 12 of the Louisiana Revised Statutes grants the Contract for Charter. The School provides educational services to students in grades Kindergarten (K) through 8; the School has plans to grow to serve grades K through 12 when fully scaled. The School commenced operations during the 2018-2019 school year.

IPS Innovation, LLC (Innovation), incorporated on September 23, 2020, is a non-profit organization created and operated for the benefit of IDEA Public Schools Louisiana, Inc. IDEA LA was the sole member of Innovation. Effective July 1, 2022, IDEA LA transferred its membership of Innovation to IPS Enterprises and no longer retains any interest in Innovation.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the School have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates that are particularly susceptible to significant change in the near term are related to depreciation, allocation of functional expenses, and lease amortization.

Program Services

The School's program services consist of the following:

Instructional – IDEA LA provides public education to students in grades K through 12.

School Administration – IDEA LA provides communication through various school receptionists as well as transportation for its students.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

Pupil Support Services – IDEA LA provides access to Student Advisors, Student Enrollment Coordinators, Nurses, Aides, etc. to all students.

Instructional Staff Services – IDEA LA provides continuing assistance within the School for its staff through supplied materials and HR clerks.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by state law for the use of student activities.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. The School uses the direct write-off method of writing off uncollectible grants receivable. As write-offs have been minimal in previous years, management represents that this does not significantly differ from use of the allowance method. At June 30, 2023, management did not deem any grants receivable to be uncollectible; therefore, no allowance was recorded.

Conditional Contributions

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. In the absence of donor stipulations to the contrary, promises with payments due in future years are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost. Depreciation is computed using the straight-line method.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The School leases office space and office equipment. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Impairment of Long-Lived Assets

The School reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors.

The School did not recognize an impairment loss during the year ended June 30, 2023.

Net Assets

The School reports information regarding its statements of financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the School, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Program income and other sources of income are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied, or when performance obligations are met. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. Prior to the adoption of ASC 606, the School recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

A significant portion of the School's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and locally from East Baton Rouge Parish School Board. MFP revenue accounts for 88% of the School's total revenue for the year ended June 30, 2023.

IDEA Public Schools Louisiana, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

A portion of the School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Federal grants accounted for 9% of the School's total revenue for the year ended June 30, 2023.

Contributions are recognized when cash, 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 or the donor has explicitly removed the conditions.

The School's policy is to report restricted support as with donor restrictions regardless of whether or not the restrictions are satisfied within the same fiscal year. Donations are reported as released from restrictions in the statement of changes in net assets in liquidation when the restriction expired (that is, a stipulated time restriction ends or purpose restriction is accomplished).

Special event and fundraising revenues are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the School recognized revenue when persuasive evidence of an arrangement existed, delivery of products or occurrence of services had occurred, the transaction price was fixed or determinable and collectability was reasonably assured. Special event and fundraising revenues received in advance are deferred and recognized over the periods to which the dates and costs relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Contributed Nonfinancial Assets

The School recognized contributed nonfinancial assets within revenue, including contributions of, food commodities, supplies, furniture, equipment and technology. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The financial statements of the School report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, several expenses (e.g., utilities, supplies, repairs and maintenance, etc.) require allocation based on usage (e.g., building square footage, estimated consumption, etc.) by each function.

Income Taxes

IDEA LA has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to federal or state income tax unless the School has unrelated trade or business income. There was no unrelated trade or business income for the years ended June 30, 2023 and 2022.

The School utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023, the School has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 17, 2024, determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022, with certain practical expedients available.

The School elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the School recognized on July 1, 2022 (beginning of the year of adoption) a lease liability of \$33,384,741, which represents the present value of the remaining operating lease payments of \$43,920,224, discounted using the weighted average risk free rate of 3.04%, and a right-of-use asset of \$32,709,283. The difference between the additional lease assets and lease liabilities was recorded as an adjustment to net assets.

The standard had a material impact on the School's statement of financial position, but did not have an impact on the statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

NOTE 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The School maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the School's expenditures come due. The following reflects the School's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position dates because of contractual or donor-imposed restrictions.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

NOTE 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

| <i>June 30,</i> | 2023 |
|--|----------------------|
| Financial assets, at year-end | \$ 41,706,846 |
| Less non-financial assets | |
| Other assets | (21,207) |
| Property and equipment, net | (221,192) |
| Operating lease right-of-use assets, net | (28,975,505) |
| Financial assets at year-end | <u>12,488,942</u> |
| | |
| Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions | |
| Restricted by donor with time or purpose restrictions | <u>(44,222)</u> |
| | |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 12,444,720</u> |

NOTE 4: GRANTS RECEIVABLE – FEDERAL AND STATE AND OTHER

Grants receivable – federal and state and other were comprised of the following amounts as of June 30, 2023:

| <i>June 30,</i> | 2023 |
|--|---------------------|
| Louisiana Department of Education | |
| Minimum Foundation Program (MFP) | \$ 3,060,812 |
| Child Nutrition Program (CNP) | 506,477 |
| Elementary and Secondary School Emergency Relief (ESSER) | 163,665 |
| Farm to School | 80,573 |
| Other | 4,107 |
| | |
| Total | <u>\$ 3,815,634</u> |

NOTE 5: DUE FROM SUBRECIPIENT GRANTOR

The School acts as a sub recipient for several of its grant awards. At June 30, 2023, the School had \$5,985,487 due from grantors under this sub recipient relationship.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

| | Estimated Useful Lives (in years) | 2023 |
|------------------------------------|--------------------------------------|-------------------|
| Computer software | 3 | \$ 164,011 |
| IT hardware | 5 | 62,140 |
| Equipment | 7 | 69,183 |
| Building improvements | 10-15 | 26,827 |
| Construction in progress | | 127,509 |
| Total | | 449,670 |
| Less: Accumulated depreciation | | (228,478) |
| Property and equipment, net | | \$ 221,192 |

Depreciation expense was \$23,022 for the year ended June 30, 2023.

NOTE 7: NET ASSETS

Net assets with donor restrictions at June 30, 2023 consisted of the following:

| | 2023 |
|----------------------------|---------------------|
| Purpose restricted | |
| Student activities | \$ 44,222 |
| Child nutrition program | 877,305 |
| Minimum Foundation Program | 5,130,826 |
| Farm to School | 25,962 |
| No Kid Hungry | 57,965 |
| Awards less than \$100k | 50,957 |
| Total | \$ 6,187,237 |

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. Net assets released from donor restrictions by incurring expenses or effectively satisfying the purpose/time restrictions specified by donors as of June 30, 2023 was \$40,314,348.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

NOTE 8: CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included:

| | 2023 |
|-------------------------------------|---------------------|
| Food | \$ 48,316 |
| Supplies | 351,973 |
| Furniture, equipment and technology | 832,427 |
| | \$ 1,232,716 |

Contributed food was utilized in the child nutrition program. In valuing food, the School estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed supplies was utilized for various educational and general administrative purposes. In valuing supplies, the School estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed furniture, equipment and technology was utilized for various educational and general administrative purposes. In valuing the furniture, equipment and technology, the School estimated the fair value on the basis of the net book value of the donor.

NOTE 9: CONCENTRATION OF CREDIT RISK

The School maintains its cash balances at a financial institution located in Baton Rouge, Louisiana. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. As of June 30, 2023, the uninsured portion of the School's balances was \$2,543,421. Management has not experienced any losses in such accounts and does not believe the School is exposed to significant risk.

NOTE 10: OPERATING LEASES

Administrative Office Space

The School leased office space for administrative purposes under a twelve-month lease agreement commencing October 1, 2016. The base lease payment was \$850 per month with a clause that allowed the School to request additional services (i.e., parking, data services, etc.) for an additional fee. The lease was originally scheduled to terminate on October 31, 2017; however, the original lease was renewed for an additional term (one year). At the maturity of this extension, the School entered into an additional agreement to lease the property for an additional two years with an option to renew for an additional year.

NOTE 10: OPERATING LEASES (Continued)

Administrative Office Space (Continued)

The base lease payments under this agreement were \$6,750 per month through August 31, 2020. The lease was renewed for the additional year at \$6,885 per month and terminated on August 31, 2022.

The School lease office space for administrative purposes under a twelve-month lease agreement commencing September 1, 2021. The base lease payment under this agreement is \$988 per month. The lease is terminated on August 30, 2022.

Innovation Campus Property

The School sub-leased one of its educational premises under a seven-year lease agreement with the School's management company commencing on July 1, 2018. The lease included an escalation clause for rental increases every twelve months. The lease payments were recognized on a straight-line basis at \$153,564 per month. The lease was scheduled to terminate on June 30, 2025. This original lease was terminated effective September 30, 2020. The deferred lease liability accumulated as of the termination date was \$1,117,037, which was written off and recognized as non-operating income for the year ended June 30, 2021.

Effective October 15, 2020, IDEA LA entered into a lease agreement with Innovation under a thirty-year lease agreement. The lease includes a clause for rent reduction changes at a point in the lease. The lease payments are recognized on a straight-line basis at \$89,634 per month. The lease is scheduled to terminate on November 30, 2050.

Bridge Campus Property

The School leased one of its educational premises under a 25-year lease agreement with the School's management company commencing on July 30, 2018. Lease payments under the lease are \$48,044 per month. The lease is scheduled to terminate on July 30, 2043.

University Prep Campus Property

The School leased one of its educational premises under a twenty-five (25) year lease agreement with the School's management company commencing on December 15, 2021. Lease payments are paid monthly in amounts designated in Schedule I of the lease agreement dated December 10, 2020, which are based on related mortgage note payments of the landlord. The lease is scheduled to terminate on December 15, 2046. The Schedule I payment schedule is only for the first five (5) years of the lease as the related note payable is expected to be refinanced at that time and future lease payments are currently undeterminable.

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

NOTE 10: OPERATING LEASES (Continued)

Student Transportation (Bus)

The School leased several school buses for student transportation purposes under lease agreements commencing August 1, 2018. Lease payments under the lease are \$61,238 per month. The leases are scheduled to terminate from August 31, 2025 to October 31, 2027.

Administrative Transportation (Van)

The School leased several vans for administrative transport purposes under a lease agreement commencing October 11, 2021. Lease payments under the lease are \$12,347 per month. The lease is scheduled to terminate on October 14, 2028.

Office Equipment

The School leased several pieces of office equipment for administrative purposes under various lease agreements commencing May 8, 2021. Lease payments under the lease are \$7,219 per month. The leases are scheduled to terminate from May 7, 2024 through April 1, 2025.

IT Equipment

The School leases computers for administrative purposes under various lease agreements commencing September 1, 2019. Lease payments under these leases are \$26,258 per month. The leases are scheduled to terminate from January 1, 2023 through January 31, 2026

The weighted average remaining lease term and weighted average discount rate at June 30, 2023, was approximately 19.95 years and 3.04%, respectively. Lease expense related to the leases was \$4,881,977 for the year ended June 30, 2023.

As of June 30, 2023, future lease payments on long-term non-cancelable operating leases are as follows:

| | |
|-------------------------------------|----------------------|
| Years ending June 30: | |
| 2024 | \$ 4,845,579 |
| 2025 | 4,670,539 |
| 2026 | 2,172,084 |
| 2027 | 1,316,650 |
| 2028 | 1,228,718 |
| Thereafter | 23,871,642 |
| Total future minimum lease payments | \$ 38,105,212 |
| Less: Imputed interest | (9,602,448) |
| Present value of lease liabilities | \$ 28,502,764 |

IDEA Public Schools Louisiana, Inc.
Notes to Financial Statements

NOTE 11: MANAGEMENT COMPANY

The School has a contract for certain management and administrative services which is based on 10 percent of revenues. Also, the management company will pay for certain direct expenses for which the School will reimburse the management company. For the year ended June 30, 2023, \$3,608,706 was incurred for management and administrative services. For the year ended June 30, 2023 \$23,059,923 was incurred for reimbursable direct expenses consisting of contracted employees, occupancy/rent, insurance, supplies, travel, and other costs for the direct benefit of the School. At June 30, 2023, the School had \$4,719,873 in payable to the management company for direct expenses, respectively.

IDEA Public Schools Louisiana, Inc.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2023

Agency Head Name:

Jeffrey Cottrill
Area Superintendent
July 1, 2022-
June 30, 2023

| PURPOSE | AMOUNT |
|--|---------------|
| Contracted Salary | \$ - |
| Contracted Benefits-health insurance | - |
| Contracted Benefits-retirement | - |
| Contracted Deferred compensation | - |
| Contracted Workers comp | - |
| Contracted Benefits-life insurance | - |
| Contracted Benefits-long term disability | - |
| Contracted Benefits-FICA and Medicare | - |
| Car allowance | - |
| Vehicle provided by government | - |
| Cell phone | - |
| Dues | - |
| Vehicle rental | - |
| Per diem | - |
| Reimbursements | - |
| Travel | - |
| Registration fees | - |
| Conference travel | - |
| Unvouchered expenses | - |
| Meetings and conventions | - |
| Other | - |
| Total | \$ - |

Note: Jeffrey Cottrill was not paid using public funds.

**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***

Board of Directors
IDEA Public Schools Louisiana, Inc.
Baton Rouge, 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 financial statements of IDEA Public Schools Louisiana, Inc. and Affiliate(a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 17, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-002.

The School's Responses to Finding

The School's responses to the findings identified in our audit is described in the accompanying corrective action plan. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana

January 17, 2024

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

Board of Directors
IDEA Public Schools Louisiana, Inc.
New Orleans, Louisiana

Report on Compliance for Each of the Major Federal Programs

Opinion on Each Major Federal Program

We have audited IDEA Public Schools Louisiana, Inc.'s (a nonprofit organization) (the School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School'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, the School 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 identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the School'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 the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Carr, Rigg & Ingram, L.L.C.

Metairie, Louisiana
January 17, 2024

IDEA Public Schools Louisiana, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Assisting Listing Number</u> | <u>Pass-through Entity Identifying Number</u> | <u>Federal Expenditures</u> | <u>Amount Passed through to subrecipient</u> | <u>Total Federal Expenditures</u> |
|--|---------------------------------|---|-----------------------------|--|-----------------------------------|
| Department of Agriculture/ Louisiana Department of Education | | | | | |
| <i>Child Nutrition Cluster</i> | | | | | |
| School Breakfast Program | 10.553 | n/a | \$ 834,857 | \$ - | \$ 834,857 |
| National School Lunch Program | 10.555 | n/a | 1,247,493 | - | 1,247,493 |
| USDA Donated Commodities | 10.555 | n/a | 48,314 | - | 48,314 |
| Summer Food Service Program for Children | 10.559 | n/a | 20,170 | - | 20,170 |
| Total Child Nutrition Cluster | | | 2,150,834 | - | 2,150,834 |
| <i>Other Programs</i> | | | | | |
| Child and Adult Care Food Program | 10.558 | n/a | 463,392 | - | 463,392 |
| Farm to School | 10.575 | n/a | 54,612 | - | 54,612 |
| Total Department of Agriculture | | | 2,668,838 | - | 2,668,838 |
| Department of Education/ East Baton Rouge Parish School System | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | n/a | 925,889 | - | 925,889 |
| Title II Part A | 84.367A | n/a | 53,929 | - | 53,929 |
| Title IV Student Support and Academic Enrichment Program | 84.424 | n/a | 51,130 | - | 51,130 |
| Twenty-First Century Community Learning Centers | 84.287 | n/a | - | - | - |
| COVID-19 - Education Stabilization Fund/Elementary and Secondary Scholl Emergency Relief | 84.425D | n/a | 1,007,513 | - | 1,007,513 |
| Total East Baton Rouge Parish School System | | | 2,038,461 | - | 2,038,461 |
| Department of Health and Human Services | | | | | |
| COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases | 93.323 | n/a | 25,733 | - | 25,733 |
| Total Expenditures of Federal Awards | | | \$ 4,733,032 | \$ - | \$ 4,733,032 |

IDEA Public Schools Louisiana, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of the School as defined in Note 1 to the School's basic financial statements.

NOTE 2: DE MINIMIS INDIRECT COST RATE

The School has not elected to use the 10% de minimis indirect rate allowed under the Uniform Guidance.

NOTE 3: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 4: RECONCILIATION TO STATEMENT OF ACTIVITIES

Below is a reconciliation of the schedule of expenditures of federal awards to the grants – federal sources as presented on the statement of activities for the year ended June 30, 2023:

| | |
|--|--------------|
| Total federal expenditures | \$ 4,733,032 |
| Child nutrition program net cash resources | 662,802 |
| Farm to school program net cash resources | 25,962 |
| <hr/> | |
| Total federal revenues including \$1,232,249 of contributions of nonfinancial assets | \$ 5,421,796 |
| <hr/> | |

NOTE 5: LOAN

The School did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2023.

NOTE 6: FEDERALLY FUNDED INSURANCE

The School has no federally funded insurance for the year ended June 30, 2023.

IDEA Public Schools Louisiana, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 7: NONCASH ASSISTANCE

The School received federal noncash assistance for the fiscal year ended June 30, 2023 for USDA commodities in the amount of \$48,314, and the remaining \$1,183,935 federal noncash assistance comes from various programs such as ESSER, Title I, Title II, and Title IV.

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. | Noncompliance material to the financial statements noted? | Yes |

Federal Awards

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. | Identification of major programs | |

| Assistance Listing Number | Federal Program |
|----------------------------------|------------------------|
|----------------------------------|------------------------|

| | |
|----------------------|---|
| 10.553/10.555/10.559 | Child Nutrition Cluster |
| 84.425D | COVID-19 - Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund |

- | | | |
|----|---|-----------|
| 5. | Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. | Auditee qualified as low-risk under 2CFR 200.520 | No |

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II – Financial Statements Findings

Finding 2023-001 – Significant Deficiency – Internal Controls over Financial Reporting – In-Kind Donations

Criteria – Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-25-20 states ‘...gifts in kind shall be reported as contributions and measured at fair value when originally received by (a not-for-profit entity).’

Condition – The School did not identify and record all in-kind transactions that occurred throughout the year, which caused both revenues and expenses to be understated by \$53,526 as well as significant delays in the financial close process.

Effect – Unidentified and unrecorded in-kind transactions could cause significant understatement of revenues and expenses and changes in federal expenditures for purposes of the single audit.

Cause – The School has not implemented consistent policies, procedures, and controls to ensure all in-kind transactions are identified and recorded throughout the year.

Auditors’ recommendation – We recommend that the School review and adjust existing policies, procedures, and controls related to identification and recording of in-kind transactions in order to ensure that all amounts are appropriately recorded throughout the year.

Management response and current status – See corrective action plan on page 33.

Finding 2023-002 – Noncompliance – Late Filing Finding

Criteria - Per Louisiana Revised Statute 24:513, the School is required to complete and submit an audit to the Louisiana Legislative Auditor “within six months of the close of the local auditee’s or vendor’s fiscal year.” Per Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the School is required to complete and submit an audit to the Federal Audit Clearinghouse "within the earlier of 30 calendar days after receipt of the auditors’ report(s), or nine months after the end of the audit period.”

Condition – The School did not complete and submit the audit to the Louisiana Legislative Auditor or the Federal Audit Clearinghouse within the required time periods.

Cause – The School did not implement appropriate controls and processes to ensure that the audit was submitted within the required time periods.

Effect – Minimum Foundation Program revenue and/or federal awards could be withheld if the required report is not submitted timely.

Recommendation – We recommend that the School implement controls and processes to ensure all required reports are submitted timely.

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Management Response – See corrective action plan on page 33.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – Management Letter

No management letter was issued.

Section V – Summary Schedule of Prior Audit Findings

Finding 2022-001 Noncompliance – STUDENT ELIGIBILITY

Criteria - The School should review and maintain student file documentation prior to acceptance each year to determine that the student exists and is a resident of East Baton Rouge Parish and, thus, eligible to attend the School as required by the charter agreement.

Recommendation - We recommend that the School revise and implement controls to maintain documentation of student existence and eligibility.

Status - Resolved.



IDEA Southern Louisiana
804 Main Street, Suite D
Baton Rouge, LA 70802

January 11, 2024

RE: Corrective Action Plan

IDEA Public Schools Louisiana, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2023.

MANAGEMENT’S RESPONSE TO FINDINGS

Finding 2023-001 – Significant Deficiency – Internal Controls over Financial Reporting – In-Kind Donations

Status: In progress.

Planned Corrective Action: EBR purchases of products provided in-kind to IDEA were not documented at time of receipt. Finance will work with campus and EBR staff to contemporaneously document in-kind donations.

Person(s) Responsible: James Dworkin, CFO

Estimated Completion Date: June 30, 2024

Finding 2023-002 – Noncompliance – Late Filing Finding

Status: In progress.

Planned Corrective Action: IDEA will work with auditor and authorizer to mitigate communication issues that impeded the 2022-2023 audit program. IDEA will intentionally schedule audit to allow significant additional time for unexpected events.

Person(s) Responsible: James Dworkin, CFO

Estimated Completion Date: May 31, 2024

Sincerely,
Signed by:

A handwritten signature in black ink, appearing to read "James Dworkin", is written over a horizontal line. Below the line, the text "955D74BDA48B425..." is visible.

James Dworkin, CFO





IDEA Public Schools Louisiana, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of IDEA Public Schools Louisiana, Inc. (a nonprofit organization) (the School) for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

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

1. We will select a sample of 25 transactions, review supporting documentation, and observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

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

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: Exceptions noted. Nine (9) of ten (10) class sizes per the EdLink 360 report did not match the class rosters provided by management.

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

3. We will obtain the October 1st PEP data submitted to the Louisiana 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Exceptions noted. Twenty-one (21) of twenty-five (25) teachers, principals, and assistant principals' years of experience were not reported correctly.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We will obtain the June 30th PEP data submitted to the Louisiana 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents is properly included on the PEP data (or equivalent listing prepared by management).

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

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

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

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School, as required by Louisiana Revised Statute 24:514 I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
January 17, 2024

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2023**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

| | | |
|--|--------------|------------|
| Classroom teacher salaries | \$ 8,812,987 | |
| Other instructional staff activities | 4,419 | |
| Instructional Staff Employee benefits | 1,915,426 | |
| Purchased professional and technical services | 1,951,946 | |
| Instructional materials and supplies | 1,207,563 | |
| Less instructional equipment | - | |
| Total teacher and student interaction activities | - | 13,892,341 |

| | |
|--------------------------------|---------|
| Other instructional activities | 232,337 |
|--------------------------------|---------|

| | | |
|---|-----------|-----------|
| Pupil support activities | 1,534,157 | |
| Less equipment for pupil support activities | - | |
| Net pupil support activities | - | 1,534,157 |

| | | |
|---|---------|---------|
| Instructional Staff Services | 397,853 | |
| Less equipment for instructional staff services | - | |
| Net instructional staff services | - | 397,853 |

| | | |
|---|------------|------------|
| School Administration | 25,740,020 | |
| Less: Equipment for School Administration | - | |
| Net School Administration | - | 25,740,020 |

| | |
|---|--------------|
| Total general fund instructional expenditures | \$41,796,708 |
|---|--------------|

See independent accountants' report on applying Agreed-Upon Procedures.

IDEA Public Schools Louisiana, Inc.
Schedule 2

CLASS SIZE CHARACTERISTICS
As of October 1, 2022

| School Type | Class Size Range | | | | | | | |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1 - 20 | | 21 - 26 | | 27 - 33 | | 34+ | |
| | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary | 11% | 16 | 30% | 45 | 29% | 44 | 1% | 1 |
| Elementary Activity Classes | 3% | 5 | 14% | 22 | 13% | 19 | 0% | - |
| Middle/Jr. High | - | - | - | - | - | - | - | - |
| Middle/Jr. High Activity Classes | - | - | - | - | - | - | - | - |
| High | - | - | - | - | - | - | - | - |
| High Activity Classes | - | - | - | - | - | - | - | - |
| Combination | 20% | 105 | 26% | 140 | 28% | 148 | 2% | 12 |
| Combination Activity Classes | 3% | 14 | 10% | 51 | 10% | 53 | 1% | 6 |

Elementary = IDEA University Prep

Combination = IDEA Bridge and IDEA Innovation

See independent accountants' report on applying Agreed-Upon Procedures.



IDEA Southern Louisiana
804 Main Street, Suite D
Baton Rouge, LA 70802

January 16, 2024

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to BESE Agreed-Upon Procedures
IDEA Public Schools Louisiana, Inc.

Dear Sirs:

IDEA Public Schools Louisiana, Inc. will review policies and procedures in regard to the comments for each schedule of performance and statistical data and make appropriate changes that will improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

IDEA Public Schools Louisiana, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2023.

MANAGEMENT'S RESPONSE TO FINDINGS

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: Exceptions noted. Nine (9) of ten (10) class sizes per the EdLink 360 report did not match the class rosters provided by management.

CFO will work with Information Systems to ensure EdLink 360 functions and differences are understood and appropriately reconcile to Classroom Rosters for the appropriate periods. 6/30/2024





IDEA Southern Louisiana
804 Main Street, Suite D
Baton Rouge, LA 70802


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

3. We will obtain the October 1st PEP data submitted to the Louisiana 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Exceptions noted. Twenty-one (21) of twenty-five (25) teachers, principals, and assistant principals' years of experience were not reported correctly.

CFO will work with Information Systems and Human Assets to identify source of staff experience measures and ensure systems are consistently updated and calculating year-to-year changes. 6/30/2024

Sincerely,

DocuSigned by:

955D74BDA48B425

James Dworkin, CFO





IDEA PUBLIC SCHOOLS LOUISIANA, INC.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
IDEA Public Schools Louisiana, Inc. and the
Louisiana Legislative Auditor
Baton Rouge, 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 fiscal period July 1, 2022 through June 30, 2023. IDEA Public School Louisiana's (the School) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, the 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 results are as follows:

Written Policies and Procedures

1. Obtain and inspect the School's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the School's operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

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

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.

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

- c) **Disbursements**, including processing, reviewing, and approving.

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

- 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).

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

- e) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: **Exception noted.** The policy on contracts does not include types of services requiring written contracts.

- f) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

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

- g) **Credit Cards (and debit cards, fuel cards, Purchase 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).

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

- h) **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.

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

Board or Finance Committee

2. 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.

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

- b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the School's collections during the fiscal period.

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

- c) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: **Exception noted.** The board/finance committee did not receive written updates of the progress of resolving the audit finding, according to management's corrective action plan, at each meeting until the finding was considered fully resolved.

Bank Reconciliations

- 3. Obtain a listing of School bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the School's main operating account. Select the School's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

- 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);

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

- 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

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

- c) Management has documentation reflecting 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 this procedure.

Collections (excluding electronic funds transfers)

4. 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 5 deposit sites (or all deposit sites if less than 5).

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

5. 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., 5 collection locations for 5 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:

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

- a) Employees responsible for cash collections do not share cash drawers/registers.

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

- 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.

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

- 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.

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

- 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 this procedure.

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

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

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

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

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

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

c) Trace the deposit slip total to the actual deposit per the bank statement.

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

d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: **Exception noted.** One (1) out of the ten (10) collections was not deposited within one business day of receipt at the collection location (or within one week if less than \$100).

e) Trace the actual deposit per the bank statement to the general ledger.

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

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

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

9. For each location selected under procedure #5A 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.

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

- b) At least two employees are involved in processing and approving payments to vendors.

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

- 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.

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

- 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 this procedure.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

- 10. For each location selected under procedure #5A above, obtain the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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

- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the School.

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

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

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

- 11. Using the School's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic

disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the School's policy, and (b) approved by the required number of authorized signers per the School's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and Purchase 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.

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

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) 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 whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

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

- 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 this procedure.

14. Using the monthly statements or combined statements selected under procedure #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

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

a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

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

b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

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

c) Observe 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 Policies and Procedures procedure #1F.

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

d) Observe 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 this procedure.

Contracts

16. 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 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

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

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

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

- c) If the contract was amended (e.g., change order), observe 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).

Results: **Exceptions noted.** For four (4) of the five (5) selections, the corresponding contracts were unable to be provided.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: **Exceptions noted.** Four (4) of the five (5) selections, the corresponding invoices were unable to be provided.

Fraud Notice

- 17. 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 School reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the School is domiciled as required by R.S. 24:253.

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

- 18. Observe the School 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 this procedure.

Information Technology Disaster Recovery/Business Continuity

- 19. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the School'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 (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Results: We performed the procedure and discussed the results with management.

- b) Obtain and inspect the School'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 3 months.

Results: We performed the procedure and discussed the results with management.

- c) Obtain a listing of the School's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 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 procedure and discussed the results with management.

- 20. Randomly select 5 terminated contract employees (or all terminated contract employees if less than 5). Observe evidence that the selected terminated contract employees have been removed or disabled from the network.

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

We were engaged by IDEA Public Schools Louisiana 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 IDEA Public Schools Louisiana 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.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
January 17, 2024



IDEA Southern Louisiana
804 Main Street, Suite D
Baton Rouge, LA 70802

January 16, 2024

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to BESE Agreed-Upon Procedures
IDEA Public Schools Louisiana, Inc.

Dear Sirs:

IDEA Public Schools Louisiana, Inc. will review policies and procedures in regard to the comments for each schedule of performance and statistical data and make appropriate changes that will improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

IDEA Public Schools Louisiana, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2023.

MANAGEMENT'S RESPONSE TO FINDINGS

Written Policies and Procedures

- 1.e) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: **Exception noted.** The policy on contracts does not include types of services requiring written contracts.

CFO will review policy with IDEA Legal, Procurement and Board Services to ensure compliance with best practices. 5/31/2024





IDEA Southern Louisiana
804 Main Street, Suite D
Baton Rouge, LA 70802

Board or Finance Committee

2.c) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: **Exception noted.** The board/finance committee did not receive written updates of the progress of resolving the audit finding, according to management's corrective action plan, at each meeting until the finding was considered fully resolved

CFO will review procedures with IDEA Legal, Internal Audit and Board Services to ensure compliance with best practices and ensure progress updates are formally provided where appropriate. 5/31/2024

Collections (excluding electronic funds transfers)

7. d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: **Exception noted.** One (1) out of the ten (10) collections was not deposited within one business day of receipt at the collection location (or within one week if less than \$100).

CFO will review procedures with IDEA Legal, Internal Audit, Campus Operations and Board Services to ensure internal collection procedures and any policies are aligned with campus operating design and good business practice. Written procedures, policies or operating activities will be adjusted as necessary. 5/31/2024

Contracts

16. c) If the contract was amended (e.g., change order), observe 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).

Results: **Exceptions noted.** For four (4) of the five (5) selections, the corresponding contracts were unable to be provided.





IDEA Southern Louisiana
804 Main Street, Suite D
Baton Rouge, LA 70802


IDEA CFO, Legal, Procurement and Accounts Payable will review contract management, procurement and payables processes to ensure contracts are securely captured, monitored and maintained. (Ongoing Project – 4/30/2024.)

16. d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: **Exceptions noted.** Four (4) of the five (5) selections, the corresponding invoices were unable to be provided.

IDEA CFO, Internal Audit, Procurement and Accounts Payable will review vendor maintenance and necessary transaction documentation to ensure appropriate procedures are followed at all times. – 2/29/2024.

Sincerely,

DocuSigned by:


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James Dworkin, CFO

