



IDEA Public Schools Louisiana, Inc. and Affiliate

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020



	Page
REPORT	
Independent Auditors’ Report	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expense	7
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10
SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits and Other Payments Made to Agency Head	22
Consolidating Statement of Financial Position	23
Consolidating Statement of Activities	24
<u>REPORTS AND SCHEDULES REQUIRED BY GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE</u>	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25
Independent Auditors’ Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance	27
Schedule of Expenditures of Federal Awards	30
Notes to the Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32
Corrective Action Plan	35



REPORT





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

504.837.9116
504.837.0123 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated financial Statements

We have audited the accompanying consolidated financial statements of IDEA Public Schools Louisiana, Inc. and Affiliate (a nonprofit organization) (the School), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to consolidated financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to School's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the School as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Reports on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The consolidating statement of financial position and the consolidating statement of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022 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, Louisiana
August 31, 2022



FINANCIAL STATEMENTS



IDEA Public Schools Louisiana, Inc.
Consolidated Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 2,714,172	\$ 998,274
Restricted cash	24,499	20,614
Grants receivable	1,842,820	1,430,906
Due from subrecipient grantor	150,118	171,587
Other assets	157,131	159,380
Total current assets	4,888,740	2,780,761
Property and equipment		
Property and equipment	17,727,251	216,986
Less: Accumulated depreciation	(625,745)	(179,233)
Property and equipment, net	17,101,506	37,753
Noncurrent assets		
Other assets	22,496	119,024
Total assets	\$ 22,012,742	\$ 2,937,538
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 289,051	\$ 177,901
Accrued expenses	224,229	51,840
Deferred lease liability	-	1,108,647
Due to management company	1,830,618	4,614,806
Current portion of long-term note payable	280,054	-
Other liabilities	588,048	49,060
Total current liabilities	3,212,000	6,002,254
Noncurrent liabilities		
Long-term debt, net of current portion	17,064,823	-
Net assets		
Without donor restrictions	(2,404,612)	(3,085,330)
With donor restrictions	4,140,531	20,614
Total net assets	1,735,919	(3,064,716)
Total liabilities and net assets	\$ 22,012,742	\$ 2,937,538

The accompanying notes are an integral part of these financial statements.

IDEA Public Schools Louisiana, Inc.
Consolidated Statement of Activities

For the year ended June 30,

2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenues			
Grants - federal sources	\$ -	\$ 2,389,308	\$ 2,389,308
Grants - state and local sources	-	22,275,208	22,275,208
Grants - private sources	-	1,056,382	1,056,382
Miscellaneous	556	5,570	6,126
Net assets released from restrictions	21,606,551	(21,606,551)	-
Total public support and other revenues	21,607,107	4,119,917	25,727,024
Expenses			
<i>Program services</i>			
Instructional	9,045,155	-	9,045,155
School administration	3,463,566	-	3,463,566
Pupil support services	711,526	-	711,526
Instructional staff services	444,075	-	444,075
Total program services	13,664,322	-	13,664,322
<i>Supporting services</i>			
Management and general	1,965,640	-	1,965,640
Business services	251,536	-	251,536
Ancillary services	6,065,774	-	6,065,774
Fundraising	96,154	-	96,154
Total supporting services	8,379,104	-	8,379,104
Total expenses	22,043,426	-	22,043,426
Income (Loss) from Operations	(436,319)	4,119,917	3,683,598
Non-Operating Income (Expenses) - Note 12	1,117,037	-	1,117,037
Change in Net Assets	680,718	4,119,917	4,800,635
Net assets at beginning of year	(3,085,330)	20,614	(3,064,716)
Net assets at end of year	\$ (2,404,612)	\$ 4,140,531	\$ 1,735,919

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

IDEA Public Schools Louisiana, Inc.
Consolidated Statement of Activities

For the year ended June 30,

2020

	Without Donor Restrictions	With Donor Retrictions	Total
Public Support and Other Revenues			
Grants - federal sources	\$ -	\$ 2,425,747	\$ 2,425,747
Grants - state and local sources	-	16,225,731	16,225,731
Grants - private sources	-	1,358,804	1,358,804
Miscellaneous	-	127,642	127,642
Net assets released from restrictions	20,130,820	(20,130,820)	-
Total public support and other revenues	20,130,820	7,104	20,137,924
Expenses			
<i>Program services</i>			
Instructional	7,681,664	-	7,681,664
School administration	2,947,739	-	2,947,739
Pupil support services	467,214	-	467,214
Instructional staff services	446,143	-	446,143
Total program services	11,542,760	-	11,542,760
<i>Supporting services</i>			
Management and general	1,715,509	-	1,715,509
Business services	288,503	-	288,503
Ancillary services	7,515,631	-	7,515,631
Fundraising	128,142	-	128,142
Total supporting services	9,647,785	-	9,647,785
Total expenses	21,190,545	-	21,190,545
Changes in Net Assets	(1,059,725)	7,104	(1,052,621)
Net assets at beginning of year	(2,025,605)	13,510	(2,012,095)
Net assets at end of year	\$ (3,085,330)	\$ 20,614	\$ (3,064,716)

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

IDEA Public Schools Louisiana, Inc.
Consolidated Statement of Functional Expenses

<i>For the year ended June 30, 2021</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,000	\$ -	\$ -	\$ -	\$ 34,000	\$ 34,000
Consulting services	-	-	-	-	-	24,146	-	2,004	-	26,150	26,150
Contracted salaries and benefits	7,163,002	2,223,014	629,822	260,742	10,276,580	737,750	248,066	2,426,782	90,254	3,502,852	13,779,432
Contracted services	168,274	1,201,358	80,225	133,993	1,583,850	14,842	2,104	280,981	2,185	300,112	1,883,962
Depreciation	-	-	-	-	-	446,513	-	-	-	446,513	446,513
Dues	4,680	-	-	7,000	11,680	-	804	-	-	804	12,484
Food	-	-	-	-	-	-	-	504,732	-	504,732	504,732
Insurance	-	-	-	-	-	424	-	388,076	-	388,500	388,500
Interest	-	-	-	-	-	480,291	-	-	-	480,291	480,291
Legal services	-	-	-	-	-	114,013	-	-	-	114,013	114,013
Miscellaneous	351	-	-	-	351	15,648	559	766	-	16,973	17,324
Non-food	-	-	-	-	-	-	-	44,249	-	44,249	44,249
Operating leases	177,323	-	-	-	177,323	41,127	-	1,592,331	-	1,633,458	1,810,781
Other professional services	595,418	-	-	-	595,418	8,359	-	1,190	-	9,549	604,967
Rentals - One Time	-	-	-	-	-	-	-	2,767	-	2,767	2,767
Repairs and maintenance	19,058	-	-	-	19,058	-	-	358,537	-	358,537	377,595
Staff tuition fees	-	13,347	-	-	13,347	3,666	-	1,320	-	4,986	18,333
Supplies	637,393	10,136	1,479	-	649,008	13,720	3	205,995	3,715	223,433	872,441
Testing and reading materials	26,254	-	-	35,565	61,819	-	-	-	-	-	61,819
Textbooks	122,587	-	-	-	122,587	-	-	-	-	-	122,587
Travel	11,534	1,386	-	6,775	19,695	8,851	-	65,214	-	74,065	93,760
Utilities	119,281	14,325	-	-	133,606	22,290	-	190,830	-	213,120	346,726
Total	\$ 9,045,155	\$ 3,463,566	\$ 711,526	\$ 444,075	\$ 13,664,322	\$ 1,965,640	\$ 251,536	\$ 6,065,774	\$ 96,154	\$ 8,379,104	\$ 22,043,426

The accompanying footnotes are an integral part of these financial statements.

IDEA Public Schools Louisiana, Inc.
Consolidated Statement of Functional Expenses

<i>For the year ended June 30, 2020</i>	Program Services					Support 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,060	\$ -	\$ -	\$ -	\$ 63,060	\$ 63,060
Consulting services	-	-	-	-	-	36,036	-	-	-	36,036	36,036
Contracted salaries and benefits	5,779,724	1,943,047	424,992	10,330	8,158,093	1,206,927	270,421	2,318,748	122,078	3,918,174	12,076,267
Contracted services	316,390	912,112	24,264	387,445	1,640,211	78,479	3,299	247,923	1,371	331,072	1,971,283
Depreciation	-	-	-	-	-	50,016	-	-	-	50,016	50,016
Dues	3,955	-	150	1,000	5,105	-	370	-	-	370	5,475
Food	679	652	-	-	1,331	-	-	588,569	-	588,569	589,900
Insurance	-	-	-	-	-	-	-	330,277	-	330,277	330,277
Legal services	-	4,479	-	-	4,479	62,752	-	-	-	62,752	67,231
Miscellaneous	1,677	5,965	60	-	7,702	28,313	179	809	-	29,301	37,003
Non-food	-	-	-	-	-	-	-	53,898	-	53,898	53,898
Operating leases	122,552	11,160	-	-	133,712	88,207	-	3,307,994	-	3,396,201	3,529,913
Other professional services	434,332	-	-	-	434,332	20,405	1,449	1,609	-	23,463	457,795
Rentals - One Time	2,800	348	-	-	3,148	3,355	-	1,969	-	5,324	8,472
Repairs and maintenance	18,905	1,094	-	-	19,999	-	-	243,231	-	243,231	263,230
Staff tuition fees	-	1,333	-	386	1,719	3,211	-	2,473	-	5,684	7,403
Supplies	680,490	35,707	10,301	9,607	736,105	24,399	2,647	141,503	934	169,483	905,588
Testing and reading materials	27,392	-	7,447	24,560	59,399	6	-	-	-	6	59,405
Textbooks	107,918	-	-	-	107,918	-	-	-	-	-	107,918
Travel	29,835	31,842	-	12,815	74,492	23,574	10,138	90,933	3,759	128,404	202,896
Utilities	155,015	-	-	-	155,015	26,769	-	185,695	-	212,464	367,479
Total	\$ 7,681,664	\$ 2,947,739	\$ 467,214	\$ 446,143	\$ 11,542,760	\$ 1,715,509	\$ 288,503	\$ 7,515,631	\$ 128,142	\$ 9,647,785	\$ 21,190,545

The accompanying footnotes are an integral part of these financial statements.

IDEA Public Schools Louisiana, Inc.
Consolidated Statements of Cash Flows

<i>For the years ended June 30,</i>	2021	2020
Operating Activities		
Changes in net assets	\$ 4,800,635	\$ (1,052,621)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	446,513	50,016
Changes in operating assets and liabilities:		
Grants receivable	(411,914)	(618,494)
Due from subrecipient grantor	21,469	40,903
Other current assets	98,777	36,604
Accounts payable	111,150	108,586
Accrued expenses	172,389	(150,372)
Deferred lease liability	(1,108,647)	289,785
Due to management company	(2,784,188)	1,958,520
Other liabilities	538,988	49,060
Net cash provided by operating activities	1,885,172	711,987
Investing Activities		
Purchases of property and equipment	(17,510,266)	-
Net cash provided by (used in) investing activities	(17,510,266)	-
Financing Activities		
Borrowings on long-term debt	17,500,000	-
Payments on long-term debt	(155,123)	-
Net cash provided by financing activities	17,344,877	-
Net change in cash, cash equivalents, and restricted cash	1,719,783	711,987
Cash, cash equivalents, and restricted cash at beginning of year	1,018,888	306,901
Cash, cash equivalents, and restricted cash at end of year	\$ 2,738,671	\$ 1,018,888
SUPPLEMENTARY CASH FLOW INFORMATION		
Reconciliation to consolidated statement of financial position		
Cash and cash equivalents	\$ 2,714,172	\$ 998,274
Restricted cash	24,499	20,614
Cash, cash equivalents, and restricted cash at end of year	\$ 2,738,671	\$ 1,018,888
Cash paid for interest	\$ 480,291	\$ -

The accompanying notes are an integral part of these financial statements.

IDEA Public Schools Louisiana, Inc.

Notes to Consolidated 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 is the sole member of Innovation.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated 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).

Basis of Consolidation

The consolidated financial statements include accounts of IDEA Public Schools Louisiana, Inc. and IPS Innovation, LLC, collectively referred to as the School. All material intercompany account balances and transactions have been eliminated.

Use of Estimates

The preparation of U.S. GAAP consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to depreciation and functional expense allocations.

Cash and Cash Equivalents

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

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020, management did not deem any grants receivable to be uncollectible.

Conditional Contributions

Conditional promises to give are not recognized in the consolidated financial statement 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.

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 years ended June 30, 2021 and 2020.

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The School reports information regarding its consolidated financial position and consolidated 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.

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 consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

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. For the years ended June 30, 2021 and 2020, the School received \$11,767 and \$11,386, respectively, in MFP funding per eligible student in attendance at the official pupil count date of October 1, 2020 and 2019. MFP revenue accounts for 82% and 81%, respectively, of the School's total revenue for the years ended June 30, 2021 and 2020.

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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 consolidated statements of financial position. Federal grants accounted for 9% and 12%, respectively, of the School's total revenue for the years ended June 30, 2021 and 2020.

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 released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

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 consolidated statements of financial position.

Donated Assets

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

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 consolidated financial statements since the recognition criteria were not met.

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consolidated statements of activities and in the consolidated statements of functional expenses. The consolidated 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, 2021 and 2020.

Innovation is a domestic limited liability company formed in the State of Texas. IDEA LA is the sole member of Innovation and all income of Innovation flows through to IDEA LA, which is exempt from federal and state income tax. Thus, there is no tax provision recorded related to Innovation.

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, 2021 and 2020, the School has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, August 31, 2022 and, except as noted in Note 11, determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

IDEA Public Schools Louisiana, Inc. Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

Effective July 1, 2020, the School adopted ASC 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment to net assets recognized upon adoption. Therefore, the 2020 consolidated financial statements have not been restated and continue to be reported under the accounting standards in effect for that year. There was no cumulative adjustment necessary to record upon adoption of ASC 606 for the year ended June 30, 2021.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. On June 3, 2020, FASB issued ASU 2020-05 effectively delaying required implementation of the lease standard to annual period beginning after December 15, 2021. The School elected not to early adopt the provisions of ASU 2016-02 for the year ended June 30, 2021. The School is currently evaluating the impact of this ASU on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The primary objective in this statement is to improve GAAP by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. Early adoption is permitted. The School is currently evaluating the impact of the guidance on its financial statements.

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

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 consolidated statement of financial position dates, reduced by amounts not available for general use within one year of the consolidated statement of financial position dates because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2021	2020
Financial assets, at year-end	\$ 4,731,609	\$ 2,621,380
Less those not available for general expenditures within one year, due to donor imposed restrictions	(4,140,531)	(20,614)
Consolidated financial assets available to meet cash needs for general expenditures	\$ 591,078	\$ 2,600,766

NOTE: 4 GRANTS RECEIVABLE

Grants receivables were comprised of the following amounts as of June 30, 2021 and 2020:

<i>June 30,</i>	2021	2020
Louisiana Department of Education		
Title I	\$ 33,010	\$ 113,304
21 st Century	35,425	-
MFP	1,774,385	1,317,602
Total	\$ 1,842,820	\$ 1,430,906

NOTE: 5 DUE FROM SUBRECIPIENT GRANTOR

The School acts as a sub recipient for several of its grant awards. At June 30, 2021 and 2020, the School had \$150,118 and \$171,587, respectively, due from grantors under this sub recipient relationship.

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

NOTE 6: CONDITIONAL CONTRIBUTIONS

The School had conditional promises-to-give from a philanthropic organization in the amount of \$7,400,000. As of June 30, 2021, all amounts under the conditional promise to give had been received. As of June 30, 2020, there was \$1,016,882 remaining to be received from the philanthropic organization.

Payment was contingent upon the School meeting certain criteria specified by the donor. Certain conditions were met resulting in \$1,016,882 and \$1,158,804, respectively, being included in the consolidated financial statements during the years ended June 30, 2021 and 2020, respectively.

NOTE 7: PROPERTY AND EQUIPMENT

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

	Estimated Useful Lives (in years)	2021	2020
Building	30	\$ 17,500,000	\$ -
Computer software	3	164,011	164,011
IT hardware	5	38,103	27,838
Equipment	7	25,137	25,137
Total		17,727,251	216,986
Less: Accumulated depreciation		(625,745)	(179,233)
Property and equipment, net		\$ 17,101,506	\$ 37,753

Depreciation expense was \$446,513 and \$50,016 for the years ended June 30, 2021 and 2020, respectively.

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

NOTE 8: LONG-TERM DEBT

On October 30, 2020, Innovation entered into a mortgage payable with a financial institution for the purchase of the building.

Long-term debt at June 30, 2021, consists of the following:

	2021
Mortgage payable to financial institution, monthly payments of \$90,773, plus interest of 4.7% per annum, maturity of November 1, 2050, collateralized by real property.	\$ 17,344,877
Less current portion	(280,054)
Long-term debt, less current portion	\$ 17,064,823

Interest expense related to the mortgage agreement was \$480,291 for the year ended June 30, 2021. The mortgage agreement contains various financial and non-financial covenants. The School believes it was in compliance with the covenants as of and for the year ended June 30, 2021.

Maturities of long-term debt subsequent to June 30, 2021, are as follows:

<i>For the years ending June 30,</i>	
2022	\$ 280,054
2023	293,503
2024	307,599
2025	322,372
2026	337,854
Thereafter	15,803,495
Total	\$ 17,344,877

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

NOTE 9: NET ASSETS

Net assets with donor restrictions at June 30, 2021 consisted of the following:

	2021	2020
Purpose restricted		
Student activities	\$ 24,499	\$ 20,614
Child nutrition program	50,897	-
Minimum Foundation Program	4,030,370	-
Share our Strength	30,765	-
Other	4,000	-
Total	\$ 4,140,531	\$ 20,614

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated 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, 2021 and 2020 was \$21,606,551 and \$20,130,820, respectively.

NOTE 10: REVENUE

The School recognizes revenue over time for its fundraising. As of June 30, 2021, there are no performance obligations to be satisfied. The School's method of recognizing revenue is to recognize the revenue when the fundraising event occurs. Fundraising revenue for the year ended June 30, 2021 was not material to the financial statements. There were no contract assets, contract liabilities, or receivables from contracts as of June 30, 2021.

NOTE 11: 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, 2021 and 2020, the uninsured portion of the School's balances was \$2,755,810 and \$621,761, respectively. Management has not experienced any losses in such accounts and does not believe the School is exposed to significant risk.

IDEA Public Schools Louisiana, Inc. Notes to Consolidated Financial Statements

NOTE 12: 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. 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 is scheduled to terminate on August 31, 2022. Upon termination, the lease will continue on a month-to-month basis at \$7,170 per month.

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. The related rent revenue of \$627,439 and deferred lease liability of \$71,425 for Innovation and the rent expense of \$627,439 and deferred lease asset of \$71,425 for IDEA LA are eliminated in consolidation.

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.

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 \$19,698 per month. The leases are scheduled to terminate on June 30, 2025.

IDEA Public Schools Louisiana, Inc.
Notes to Consolidated Financial Statements

NOTE 12: OPERATING LEASES (Continued)

Administrative Transportation (Van)

The School leased several vans for administrative transport purposes under a lease agreement commencing November 1, 2017. Lease payments under the lease are \$930 per month. The lease is scheduled to terminate on June 30, 2025.

Office Equipment

The School leased several pieces of office equipment for administrative purposes under various lease agreements commencing July 1, 2018. Lease payments under the lease are \$7,267 per month. The leases are scheduled to terminate from July 30, 2021 through February 29, 2024.

IT Equipment

The School leases computers for administrative purposes under various lease agreements commencing July 1, 2018. Lease payments under these leases are \$21,723 per month. The leases are scheduled to terminate from December 31, 2021 through January 31, 2024.

As of June 30, 2021, future lease payments on long-term noncancelable operating leases are as follows:

Years ending June 30:	
2022	\$ 3,001,885
2023	3,253,724
2024	3,103,517
2025	3,070,849
2026	1,649,942
Thereafter	25,163,669
Total	\$ 39,243,587

For the years ended June 30, 2021 and 2020, the rental expense for the School was \$1,810,781 and \$3,529,913, respectively.

NOTE 13: MANAGEMENT COMPANY

The School has a contract for certain management and administrative services which is based on 15 percent of revenues. Also, the management company will pay for certain direct expenses for which the School will reimburse the management company. For the years ended June 30, 2021 and 2020, \$1,883,963 and \$1,971,283, respectively, were incurred for management and administrative services. For the years ended June 30, 2021 and 2020, \$14,410,548 and \$12,549,724, respectively 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, 2021 and 2020, the School had \$1,830,618 and \$4,614,806 in payable to the management company for direct expenses, respectively.



SUPPLEMENTARY INFORMATION



IDEA Public Schools Louisiana, Inc.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2021

Agency Head Name: Kenneth Campbell, Executive Director

PURPOSE	AMOUNT
Contracted Salary	\$ 148,907
Contracted Benefits-health insurance	4,426
Contracted Benefits-retirement	5,913
Contracted Deferred compensation	-
Contracted Workers comp	932
Contracted Benefits-life insurance	-
Contracted Benefits-long term disability	-
Contracted Benefits-FICA and Medicare	9,284
Car allowance	4,200
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
Total	\$ 173,662

Note: Kenneth Campbell is contracted as the Executive Director for multiple organizations. The amounts above represent only the portion of payments made to Kenneth Campbell during the year which are attributable to the School.

IDEA Public Schools Louisiana, Inc.
Consolidating Statement of Financial Position

<i>June 30,</i>	School	IPS Innovation LLC	Eliminating Entries	2021 Total
Assets				
Current assets				
Cash and cash equivalents	\$ 2,615,445	\$ 98,727	\$ -	\$ 2,714,172
Restricted cash	24,499	-	-	24,499
Grants receivable	1,842,820	-	-	1,842,820
Due from subrecipient grantor	150,118	-	-	150,118
Due from affiliate	-	39,214	(39,214)	-
Other assets	157,131	-	-	157,131
Total current assets	4,790,013	137,941	(39,214)	4,888,740
Property and equipment				
Property and equipment	227,251	17,500,000	-	17,727,251
Less: Accumulated depreciation	(188,245)	(437,500)	-	(625,745)
Property and equipment, net	39,006	17,062,500	-	17,101,506
Noncurrent assets				
Deferred lease asset	71,425	-	(71,425)	-
Other assets	22,496	-	-	22,496
Total assets	\$ 4,922,940	\$ 17,200,441	\$ (110,639)	\$ 22,012,742
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 289,051	\$ -	\$ -	\$ 289,051
Accrued expenses	224,229	-	-	224,229
Deferred lease liability	-	71,425	(71,425)	-
Due to management company	1,756,127	74,491	-	1,830,618
Due to affiliate	39,214	-	(39,214)	-
Current portion of long-term note payable	-	280,054	-	280,054
Other liabilities	588,048	-	-	588,048
Total current liabilities	2,896,669	425,970	(110,639)	3,212,000
Noncurrent liabilities				
Long term debt	-	17,064,823	-	17,064,823
Net assets				
Without donor restrictions	(2,114,260)	(290,352)	-	(2,404,612)
With donor restrictions	4,140,531	-	-	4,140,531
Total net assets	2,026,271	(290,352)	-	1,735,919
Total liabilities and net assets	\$ 4,922,940	\$ 17,200,441	\$ (110,639)	\$ 22,012,742

IDEA Public Schools Louisiana, Inc.
Consolidating Statement of Activities

<i>For the year ended June 30,</i>	School	IPS Innovation LLC	Eliminating Entries	2021 Total
Public Support and Other Revenues				
Grants - federal sources	\$ 2,389,308	\$ -	\$ -	\$ 2,389,308
Grants - state and local sources	21,533,860	-	-	21,533,860
Grants - private sources	1,056,382	-	-	1,056,382
Miscellaneous	747,474	627,439	(627,439)	747,474
Total public support and other revenues	25,727,024	627,439	(627,439)	25,727,024
Expenses				
<i>Program services</i>				
Instructional	9,045,155	-	-	9,045,155
School administration	3,463,566	-	-	3,463,566
Pupil support services	711,526	-	-	711,526
Instructional staff services	444,075	-	-	444,075
Total program services	13,664,322	-	-	13,664,322
<i>Supporting services</i>				
Management and general	1,047,849	917,791	-	1,965,640
Business services	251,536	-	-	251,536
Ancillary services	6,693,213	-	(627,439)	6,065,774
Fundraising	96,154	-	-	96,154
Total supporting services	8,088,752	917,791	(627,439)	8,379,104
Total expenses	21,753,074	917,791	(627,439)	22,043,426
Income (Loss) from Operations	3,973,950	(290,352)	-	3,683,598
Non-Operating Income (Expenses) - Note 12	1,117,037	-	-	1,117,037
Change in Net Assets	5,090,987	(290,352)	-	4,800,635
Net assets at beginning of year	(3,064,716)	-	-	(3,064,716)
Net assets at end of year	\$ 2,026,271	\$ (290,352)	\$ -	\$ 1,735,919

**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 consolidated financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of IDEA Public Schools Louisiana, Inc. and Affiliate(a nonprofit organization) (the School), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated August 31, 2022.

Internal Control Over Consolidated financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 2021-002.

The School's Responses to Findings

The School's responses to the findings identified in our audit are 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
August 31, 2022

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

We have audited IDEA Public Schools Louisiana, Inc. and Affiliate'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, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to consolidated 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the School's compliance.

Opinion on the Major Federal Programs

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, 2021.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of the major federal programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a significant deficiency.

The School's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, Riggs & Ingram, L.L.C.

Metairie, Louisiana
August 31, 2022

IDEA Public Schools Louisiana, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<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 - Cluster</i>					
School Breakfast Program	10.553	n/a	\$ 318,859	\$ -	\$ 318,859
National School Lunch Program	10.555	n/a	659,486	-	659,486
Summer Food Service Program for Children	10.559	n/a	39,163	-	39,163
Total Child Nutrition Cluster-Cluster			1,017,508	-	1,017,508
<i>Other Programs</i>					
Child and Adult Care Food Program	10.558	n/a	395,377	-	395,377
Total Department of Agriculture			1,412,885	-	1,412,885
Department of Education/East Baton Rouge Parish School System					
Title I Grants to Local Educational Agencies	84.010	n/a	422,694	-	422,694
Twenty-First Century Community Learning Centers	84.287	n/a	87,229	-	87,229
COVID-19 - Education Stabilization Fund/Elementary and Secondary School Emergency Relief	84.425D	n/a	275,667	-	275,667
Total East Baton Rouge Parish School System			785,590	-	785,590
Department of Education/Idea Public Schools					
Charter School Program Grant	84.282	n/a	139,936	-	139,936
Total Department of Education			925,526	-	925,526
Total Expenditures of Federal Awards			\$ 2,338,411	\$ -	\$ 2,338,411

IDEA Public Schools Louisiana, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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 consolidated 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 CONSOLIDATED STATEMENT OF ACTIVITIES

Below is a reconciliation of the schedule of expenditures of federal awards to the grants – federal sources as presented on the consolidated statement of activities for the year ended June 30, 2021:

Total federal expenditures	\$ 2,338,411
Child nutrition program net cash resources	50,897
<hr/>	
Total federal revenues	\$ 2,389,308
<hr/>	

NOTE 5: LOAN

The School did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2021.

NOTE 6: FEDERALLY FUNDED INSURANCE

The School has no federally funded insurance for the year ended June 30, 2021.

NOTE 7: NONCASH ASSISTANCE

The School did not receive any federal noncash assistance for the fiscal year ended June 30, 2021.

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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? | Yes |
| b. | Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 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? | Yes |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | Yes |
| 4. | Identification of major programs | |

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

10.553, 10.555, 10.559

Child Nutrition Cluster

84.425D

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 | Yes |

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II – Financial Statements Findings

**Finding 2021-001 Material Weakness – Internal Controls over Financial Reporting –
FINANCIAL CLOSE/ACCOUNT RECONCILIATION**

Criteria: In accordance with the School’s Bylaws, Section 8.5 Books and Records, the School “shall keep correct and complete books and records of account.”

Condition: Due to audit procedures, material adjustments were necessary in order to correct/update the books and records of the School as of June 30, 2021. Prior to the adjustments, receivables were overstated by \$222,064, accrued expenses were overstated by \$1,059,797, operating revenue was overstated by \$214,944, and non-operating income was understated by \$1,117,037.

Cause: Due to significant changes in management just before year-end, the books and records of the School were not completely and appropriately reconciled and closed prior to audit procedures.

Effect: Receivables, liabilities, operating revenue, and non-operating income were materially misstated prior to the adjustments.

Recommendation: We recommend that the School implement and monitor controls to ensure all accounts are reconciled and closed timely after the end of each fiscal period.

Management Response: See corrective action plan on page 35.

Finding 2021-002 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.

Condition: The School did not maintain documentation that it reviewed student eligibility prior to acceptance for the 2020-2021 school year. 8 of 60 files tested did not contain documentation that the student resided within East Baton Rouge Parish. 8 of 60 files tested did not contain documentation such as birth certificate or social security card that the student existed.

Cause: The School did not implement appropriate controls to ensure documentation of existence and eligibility was maintained.

Effect: Local Minimum Foundation Program revenue could be collected for fictitious students or students that do not reside within East Baton Rouge Parish.

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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

Management Response: See corrective action plan on page 35.

Section III – Federal Award Findings and Questioned Costs

Finding 2021-003 Significant Deficiency – Internal Control over Compliance – SUSPENSION & DEBARMENT

Assistance Listing Number 10.553/10.555/10.558 Child Nutrition Cluster
United States Department of Agriculture; Passed through the Louisiana Department of Education

Criteria: Per 2 CFR 200.303(a), non-federal entities are required to have processes designed and implemented to provide reasonable assurance regarding the achievement of objectives.

Condition: The School did not maintain documentation that verification occurred and was done prior to the execution of the contract noting that vendors were not suspended or debarred.

Cause: The School did not have processes designed and implemented to maintain documentation for verification of vendor suspension and debarment.

Effect: Contracts could be executed with vendors that are suspended or debarred.

Questioned Costs: None.

Perspective: A change in management occurred subsequent to year-end, but prior to completion of the audit procedures. The new members of management were unable to locate the documentation of verification of suspension and debarment.

Recommendation: We recommend that the School implement and monitor controls to ensure documentation of verification for suspension and debarment is maintained.

Management Response: See corrective action plan on page 35.

Section IV – Management Letter

No management letter was issued.

Section V – Summary Schedule of Prior Audit Findings

No prior findings were noted.



IDEA Headquarters
2115 W. Pike Boulevard
Weslaco, Texas 78596
Phone 956.377.8000
Fax 956.447.3796

CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS

Finding #2021-001 – Material Weakness – Internal Controls over Financial Reporting – FINANCIAL CLOSE / ACCOUNT RECONCILIATION

Status: In progress.

Planned corrective action: The Business Office will establish supplemental internal control procedures regarding the monthly financial close process and account reconciliation, including additional reviews of receivables and accrued expenses to ensure recording in the proper accounting period. The process will detail the proper recognition of revenue and expense in the period the revenue is earned, expense is incurred and creating a process to verify receivables and accrued expenses are true and accurate.

The Business Office will also develop a Standard Operating Procedure (SOP) for completing the monthly close out process timely. This SOP will outline actions for proper account reconciliation of receivables and accrued expenses, including proper recognition of revenue and expense monthly. The SOP will identify the personnel responsible for completing each step in the process to maintain integrity and proper review of the transactions and development of the monthly reports.

The Business Office will provide training to all staff with specific roles related to the monthly close process, account reconciliation and proper procedures for bank reconciliations. The training will further define accounting concepts for staff related to proper recognition of revenue and expense, proper account reconciliation for receivables and accrued expenses and the cut off period.

Responsible officers: Carlo Hershberger, Senior Vice President of Finance/Controller; Vanessa Garza, Director of Accounting

Estimated completion date: December 31, 2022

Finding #2021-002 – Noncompliance – STUDENT ELIGIBILITY

Status: In progress.

Planned corrective action: The Student Information Systems (SIS) team has established additional internal control procedures, training, and auditing to ensure collection of documentation of student existence and eligibility at the time of registration, and to ensure that information is appropriately retained.

The Student Information Systems team has developed a clear list of acceptable documentation for students to provide to prove student existence and verify eligibility. The list outlines which specific documents, or the requirements for alternate documents not listed, are acceptable for proof of student existence and eligibility according to Louisiana guidelines. This information is collected during the student registration process, and then reviewed and verified by members of campus staff (Ex: SIS Coordinators, Registrars, and Student Enrollment Coordinators) before a student's registration is processed into our Student Information System.

The Student Information Systems team, in partnership with our Enrollment team, has provided training to all staff who complete this verification process and are responsible for these student records.

Further, in accordance with Louisiana student privacy laws, the Student Information Systems team will retain documents for proof of student existence and eligibility when students transfer or leave IDEA Public Schools.

Finally, the Student Information Systems team will, at least annually, audit a random sample of student records to ensure that the appropriate documentation is retained for each student and that the information entered into the SIS platform accurately reflects the documents collected.

Responsible officers: Matthew Sawyer, Vice President of Information Systems, and Inelba Figueroa Managing Director of Student Information Systems.

Estimated completion date: October 31, 2022

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding #2021-003 – Significant Deficiency – Internal Controls over Compliance – SUSPENSION & DEBARMENT

Status: In progress.

Planned corrective action: The Child Nutrition Program (CNP) team has established additional internal control procedures, training, and auditing to ensure verification of vendor suspension and debarment is conducted and documentation appropriately retained.

Internal controls will include the addition of suspension and debarment certification and verification in formal solicitations, contracts, new vendor packet and verification of suspension and debarment prior to approving purchase orders.

Additionally, the CNP has established a process to update debarment and suspension for current vendors on a quarterly basis each month.

All verification documentation will be retained for each vendor.

Responsible officers: Christopher Ruiz, CNP Director of Finance and Procurement, and Janet Fuentes, CNP Assistant Director of Procurement.

Estimated completion date: October 31, 2022



IDEA Public Schools Louisiana, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2021

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, 2021; 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: No exceptions were found as a result of applying the procedure.

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

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
August 31, 2022