



IDEA Public Schools Louisiana, Inc. and Affiliate

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021



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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 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, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the School as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to consolidated 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 opinions.

Responsibilities of Management 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, and for 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 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 December 30, 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, LA
December 30, 2022



FINANCIAL STATEMENTS



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

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 676,579	\$ 2,714,172
Restricted cash	33,986	24,499
Grants receivable	2,821,013	1,842,820
Due from subrecipient grantor	4,462,271	150,118
Other assets	18,385	157,131
Total current assets	8,012,234	4,888,740
Property and equipment		
Property and equipment	17,924,312	17,727,251
Less: Accumulated depreciation	(1,226,289)	(625,745)
Property and equipment, net	16,698,023	17,101,506
Noncurrent assets		
Other assets	7,700	22,496
Total assets	\$ 24,717,957	\$ 22,012,742
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 485,612	\$ 289,051
Accrued expenses	517,051	224,229
Due to management company	5,407,042	1,830,618
Current portion of long-term note payable	293,503	280,054
Other liabilities	160,677	588,048
Total current liabilities	6,863,885	3,212,000
Noncurrent liabilities		
Long-term debt, net of current portion	16,771,319	17,064,823
Net assets		
Without donor restrictions	(2,758,765)	(2,404,612)
With donor restrictions	3,841,518	4,140,531
Total net assets	1,082,753	1,735,919
Total liabilities and net assets	\$ 24,717,957	\$ 22,012,742

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

IDEA Public Schools Louisiana, Inc.
Consolidated Statement of Activities

<i>For the year ended June 30,</i>	2022		
	Without Donor Restrictions	With Donor Retrictions	Total
Public Support and Other Revenues			
Grants - federal sources	\$ -	\$ 4,553,191	\$ 4,553,191
Grants - state and local sources	-	32,573,431	32,573,431
Contributions of nonfinancial assets	-	213,439	213,439
Miscellaneous	-	287,566	287,566
Net assets released from restrictions	37,926,640	(37,926,640)	-
Total public support and other revenues	37,926,640	(299,013)	37,627,627
Expenses			
<i>Program services</i>			
Instructional	15,214,319	-	15,214,319
School administration	7,090,177	-	7,090,177
Pupil support services	1,500,121	-	1,500,121
Instructional staff services	661,237	-	661,237
Total program services	24,465,854	-	24,465,854
<i>Supporting services</i>			
Management and general	2,489,090	-	2,489,090
Business services	174,920	-	174,920
Ancillary services	11,123,666	-	11,123,666
Fundraising	27,263	-	27,263
Total supporting services	13,814,939	-	13,814,939
Total expenses	38,280,793	-	38,280,793
Change in Net Assets	(354,153)	(299,013)	(653,166)
Net assets at beginning of year	(2,404,612)	4,140,531	1,735,919
Net assets at end of year	\$ (2,758,765)	\$ 3,841,518	\$ 1,082,753

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,

2021

	Without Donor Restrictions	With Donor Retrictions	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 Functional Expenses

<i>For the year ended June 30, 2022</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,000	\$ -	\$ -	\$ -	\$ 47,000	\$ 47,000
Consulting services	-	-	-	-	-	6,013	-	-	-	6,013	6,013
Contracted salaries and benefits	11,043,154	2,780,350	1,001,187	360,643	15,185,334	848,916	158,764	4,352,135	27,263	5,387,078	20,572,412
Contracted services	831,363	4,024,702	136,102	18,253	5,010,420	83,436	7,925	827,936	-	919,297	5,929,717
Depreciation	583,333	-	-	-	583,333	9,004	-	8,206	-	17,210	600,543
Dues	3,170	155	-	7,000	10,325	-	35	55	-	90	10,415
Food	-	-	-	-	-	-	-	1,029,364	-	1,029,364	1,029,364
Insurance	-	-	-	-	-	2,533	-	704,508	-	707,041	707,041
Interest	-	-	-	-	-	809,227	-	-	-	809,227	809,227
Legal services	-	-	-	-	-	339,989	-	-	-	339,989	339,989
Miscellaneous	557	25,180	-	319	26,056	82,785	4,226	82,457	-	169,468	195,524
Non-food	-	-	-	-	-	-	-	139,272	-	139,272	139,272
Operating leases	132,704	11,160	312,117	-	455,981	97,084	-	2,344,367	-	2,441,451	2,897,432
Other professional services	904,120	-	-	-	904,120	2,400	-	2,680	-	5,080	909,200
Rentals - One Time	1,365	136	-	-	1,501	3,474	-	3,150	-	6,624	8,125
Repairs and maintenance	42,054	-	-	-	42,054	-	-	577,356	-	577,356	619,410
Staff tuition fees	-	-	-	-	-	-	-	-	-	-	-
Supplies	1,099,835	134,425	41,765	135,809	1,411,834	17,142	2,260	340,346	-	359,748	1,771,582
Testing and reading materials	4,671	-	8,727	91,441	104,839	-	-	-	-	-	104,839
Textbooks	498,241	-	-	-	498,241	-	-	-	-	-	498,241
Travel	42,728	65,951	223	47,772	156,674	107,254	1,710	290,317	-	399,281	555,955
Utilities	27,024	48,118	-	-	75,142	32,833	-	421,517	-	454,350	529,492
Total	\$ 15,214,319	\$ 7,090,177	\$ 1,500,121	\$ 661,237	\$ 24,465,854	\$ 2,489,090	\$ 174,920	\$ 11,123,666	\$ 27,263	\$ 13,814,939	\$ 38,280,793

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, 2021</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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 Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Changes in net assets	\$ (653,166)	\$ 4,800,635
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	600,543	446,513
Changes in operating assets and liabilities:		
Grants receivable	(978,193)	(411,914)
Due from subrecipient grantor	(4,312,153)	21,469
Other current assets	153,542	98,777
Accounts payable	196,561	111,150
Accrued expenses	292,822	172,389
Deferred lease liability	-	(1,108,647)
Due to management company	3,576,424	(2,784,188)
Other liabilities	(427,371)	538,988
Net cash (used in) provided by operating activities	(1,550,991)	1,885,172
Investing Activities		
Purchases of property and equipment	(197,060)	(17,510,266)
Net cash used in investing activities	(197,060)	(17,510,266)
Financing Activities		
Borrowings on long-term debt	-	17,500,000
Payments on long-term debt	(280,055)	(155,123)
Net cash (used in) provided by financing activities	(280,055)	17,344,877
Net change in cash, cash equivalents, and restricted cash	(2,028,106)	1,719,783
Cash, cash equivalents, and restricted cash at beginning of year	2,738,671	1,018,888
Cash, cash equivalents, and restricted cash at end of year	\$ 710,565	\$ 2,738,671
SUPPLEMENTARY CASH FLOW INFORMATION		
Reconciliation to consolidated statement of financial position		
Cash and cash equivalents	\$ 676,579	\$ 2,714,172
Restricted cash	33,986	24,499
Cash, cash equivalents, and restricted cash at end of year	\$ 710,565	\$ 2,738,671
Cash paid for interest	\$ 809,227	\$ 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. The estimate that is particularly susceptible to significant change in the near term is related to depreciation.

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, 2022 and 2021, 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 consolidated 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.

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, 2022 and 2021.

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 statements 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

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. 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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, 2022 and 2021, the School received \$12,004 and \$11,767, respectively, in MFP funding per eligible student in attendance at the official pupil count date of October 1, 2021 and 2020. MFP revenue accounts for 87% and 82%, respectively, of the School's total revenue for the years ended June 30, 2022 and 2021.

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 12% and 9%, respectively, of the School's total revenue for the years ended June 30, 2022 and 2021.

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.

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 consolidated 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2022 and 2021.

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 consolidated 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, 2022 and 2021, the School has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 30, 2022, 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.

Recently Adopted Accounting Pronouncements

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. This change in accounting principal did not have a material impact on the consolidated financial statements.

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.

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>	2022	2021
Financial assets, at year-end	\$ 7,993,849	\$ 4,731,609
Less those not available for general expenditures within one year, due to donor imposed restrictions	(33,986)	(4,140,531)
Consolidated financial assets available to meet cash needs for general expenditures	\$ 4,152,331	\$ 591,078

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

NOTE: 4 GRANTS RECEIVABLE

Grants receivables were comprised of the following amounts as of June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Louisiana Department of Education		
Title I	\$ 64,985	\$ 33,010
21 st Century	19,716	35,425
MFP	2,736,312	1,774,385
Total	\$ 2,821,013	\$ 1,842,820

NOTE: 5 DUE FROM SUBRECIPIENT GRANTOR

The School acts as a sub recipient for several of its grant awards. At June 30, 2022 and 2021, the School had \$4,462,271 and \$150,118, respectively, due from grantors under this sub recipient relationship.

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. Payment was contingent upon the School meeting certain criteria specified by the donor. Certain conditions were met resulting in \$1,016,882 being included in the consolidated financial statements during the year ended June 30, 2021. There were no conditional promises-to-give received during the year ended June 30, 2022.

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

NOTE 7: PROPERTY AND EQUIPMENT

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

	Estimated Useful Lives (in years)	2022	2021
Building	30	\$ 17,500,000	\$ 17,500,000
Computer software	3	164,011	164,011
IT hardware	5	62,140	38,103
Equipment	7	69,183	25,137
Construction in progress		128,978	-
Total		17,924,312	17,727,251
Less: Accumulated depreciation		(1,226,289)	(625,745)
Property and equipment, net		\$ 16,698,023	\$ 17,101,506

Depreciation expense was \$600,543 and \$446,513 for the years ended June 30, 2022 and 2021, respectively.

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, 2022, consists of the following:

	2022
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.	\$ 17,064,822
Less current portion	(293,503)
Long-term debt, less current portion	\$ 16,771,319

Interest expense related to the mortgage agreement was \$809,227 and \$480,291 for the years ended June 30, 2022 and 2021, respectively.

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

NOTE 8: LONG-TERM DEBT (Continued)

The note payable agreements contain certain covenants to include financial reporting, lease payment coverage ratio, required liquidity level, academics and enrollment. During 2022, the School was not in compliance with the required liquidity level for the Innovation school site. As required by the note payable agreement, the School will provide notice to the lender and work with an independent financial consultant to finalize a cash management plan to resolve within 30 days of the independent annual audit report date.

Maturities of long-term debt subsequent to June 30, 2022, are as follows:

For the years ending June 30,

2023	\$	293,503
2024		307,599
2025		322,372
2026		337,854
2027		354,080
Thereafter		15,449,414
Total		\$ 17,064,822

NOTE 9: NET ASSETS

Net assets with donor restrictions at June 30, 2022 consisted of the following:

	2022	2021
Purpose restricted		
Student activities	\$ 33,985	\$ 24,499
Child nutrition program	214,502	50,897
Minimum Foundation Program	3,532,084	4,030,370
Share our Strength	-	30,765
No Kid Hungry	60,947	-
Other	-	4,000
Total	\$ 3,841,518	\$ 4,140,531

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, 2022 and 2021 was \$37,926,640 and \$21,606,551, respectively.

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

NOTE 10 – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

	2022	2021
Food	\$ 22,934	\$ -
Supplies	34,269	-
Furniture, equipment and technology	156,236	-
	\$ 213,439	\$ -

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 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, 2022 and 2021, the uninsured portion of the School's balances was \$372,480 and \$2,755,810, respectively. Management has not experienced any losses in such accounts and does not believe the School is exposed to significant risk.

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

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

NOTE 12: OPERATING LEASES (Continued)

Administrative Office Space (Continued)

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 \$1,075,610 and deferred lease liability of \$193,868 for Innovation and the rent expense of \$1,075,610 and deferred lease asset of \$193,868 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.

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.

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 \$32,044 per month. The leases are scheduled to terminate on September 15, 2028.

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 \$9,517 per month. The leases are scheduled to terminate from July 30, 2021 through July 30, 2024.

IT Equipment

The School leases computers for administrative purposes under various lease agreements commencing July 1, 2018. Lease payments under these leases are \$31,047 per month. The leases are scheduled to terminate from December 31, 2021 through February 1, 2025.

As of June 30, 2022, future lease payments on long-term non-cancelable operating leases are as follows:

Years ending June 30:	
2023	\$ 4,792,131
2024	4,651,747
2025	4,526,745
2026	2,105,952
2027	1,211,412
Thereafter	24,285,614
Total	\$ 41,573,602

For the years ended June 30, 2022 and 2021, the rental expense for the School was \$2,897,432 and \$1,810,781, 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, 2022 and 2021, \$4,747,979 and \$1,883,963, respectively, were incurred for management and administrative services. For the years ended June 30, 2022 and 2021, \$23,026,879 and \$14,410,548, 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, 2022 and 2021, the School had \$5,407,038 and \$1,830,618 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, 2022

Agency Head Name:	Kenneth Campbell	Rolando Posada
	Executive Director	Area Superintendent
	July 1, 2021-	March 2, 2022-
	March 1, 2022	June 30, 2022

PURPOSE	AMOUNT	AMOUNT
Contracted Salary	\$ 116,714	\$ -
Contracted Benefits-health insurance	2,772	-
Contracted Benefits-retirement	3,735	-
Contracted Deferred compensation	-	-
Contracted Workers comp	1,064	-
Contracted Benefits-life insurance	-	-
Contracted Benefits-long term disability	-	-
Contracted Benefits-FICA and Medicare	5,884	-
Car allowance	3,360	-
Vehicle provided by government	-	-
Cell phone	-	-
Dues	-	-
Vehicle rental	282	-
Per diem	-	-
Reimbursements	-	-
Travel	852	-
Registration fees	-	-
Conference travel	14	-
Unvouchered expenses	-	-
Meetings and conventions	-	-
Other	9	-
Total	\$ 134,687	\$ -

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.

Note: Rolando Posada was not paid using public funds.

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

<i>June 30,</i>	School	IPS Innovation LLC	Eliminating Entries	2022 Total
Assets				
Current assets				
Cash and cash equivalents	\$ 575,949	\$ 100,630	\$ -	\$ 676,579
Restricted cash	33,986	-	-	33,986
Grants receivable	2,821,013	-	-	2,821,013
Due from subrecipient grantor	4,462,271	-	-	4,462,271
Due from affiliate	-	172,270	(172,270)	-
Other assets	18,385	-	-	18,385
Total current assets	7,911,604	272,900	(172,270)	8,012,234
Property and equipment				
Property and equipment	424,312	17,500,000	-	17,924,312
Less: Accumulated depreciation	(205,456)	(1,020,833)	-	(1,226,289)
Property and equipment, net	218,856	16,479,167	-	16,698,023
Noncurrent assets				
Deferred lease asset	193,868	-	(193,868)	-
Other assets	7,700	-	-	7,700
Total assets	\$ 8,332,028	\$ 16,752,067	\$ (366,138)	\$ 24,717,957
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 485,612	\$ -	\$ -	\$ 485,612
Accrued expenses	517,051	-	-	517,051
Deferred lease liability	-	193,868	(193,868)	-
Due to management company	5,303,613	103,429	-	5,407,042
Due to affiliate	172,270	-	(172,270)	-
Current portion of long-term note payable	-	293,503	-	293,503
Other liabilities	160,677	-	-	160,677
Total current liabilities	6,639,223	590,800	(366,138)	6,863,885
Noncurrent liabilities				
Long term debt	-	16,771,319	-	16,771,319
Net assets				
Without donor restrictions	(2,148,713)	(610,052)	-	(2,758,765)
With donor restrictions	3,841,518	-	-	3,841,518
Total net assets	1,692,805	(610,052)	-	1,082,753
Total liabilities and net assets	\$ 8,332,028	\$ 16,752,067	\$ (366,138)	\$ 24,717,957

**IDEA Public Schools Louisiana, Inc.
Consolidating Statement of Activities**

<i>For the year ended June 30,</i>	School	IPS Innovation LLC	Eliminating Entries	2022 Total
Public Support and Other Revenues				
Grants - federal sources	\$ 4,553,191	\$ -	\$ -	\$ 4,553,191
Grants - state and local sources	32,573,431	-	-	32,573,431
Grants - private sources	-	-	-	-
Contributions of nonfinancial assets	213,439	-	-	213,439
Miscellaneous	287,566	1,075,610	(1,075,610)	287,566
Total public support and other revenues	37,627,627	1,075,610	(1,075,610)	37,627,627
Expenses				
<i>Program services</i>				
Instructional	14,628,236	586,083	-	15,214,319
School administration	7,090,177	-	-	7,090,177
Pupil support services	1,500,121	-	-	1,500,121
Instructional staff services	661,237	-	-	661,237
Total program services	23,879,771	586,083	-	24,465,854
<i>Supporting services</i>				
Management and general	1,679,863	809,227	-	2,489,090
Business services	174,920	-	-	174,920
Ancillary services	12,199,276	-	(1,075,610)	11,123,666
Fundraising	27,263	-	-	27,263
Total supporting services	14,081,322	809,227	(1,075,610)	13,814,939
Total expenses	37,961,093	1,395,310	(1,075,610)	38,280,793
Change in Net Assets	(333,466)	(319,700)	-	(653,166)
Net assets at beginning of year	2,026,271	(290,352)	-	1,735,919
Net assets at end of year	\$ 1,692,805	\$ (610,052)	\$ -	\$ 1,082,753

**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, 2022, 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 December 30, 2022.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's 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 2022-001.

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 consolidated 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, Rigg & Ingram, L.L.C.

Metairie, Louisiana
December 30, 2022



Carr, Riggs & Ingram, LLC
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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. 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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the 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
December 30, 2022

IDEA Public Schools Louisiana, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<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	\$ 649,310	\$ -	\$ 649,310
National School Lunch Program	10.555	n/a	1,498,594	-	1,498,594
USDA Donated Commodities	10.555	n/a	22,934	-	22,934
Summer Food Service Program for Children	10.559	n/a	15,398	-	15,398
Total Child Nutrition Cluster-Cluster			2,186,236	-	2,186,236
<i>Other Programs</i>					
Child and Adult Care Food Program	10.558	n/a	115,428	-	115,428
Farm to School	10.575	n/a	4,087	-	4,087
Total Department of Agriculture			2,305,751	-	2,305,751
Department of Education/East Baton Rouge Parish School System					
Title I Grants to Local Educational Agencies	84.010	n/a	502,878	-	502,878
Title IV Student Support and Academic Enrichment Program	84.424	n/a	30,135	-	30,135
Twenty-First Century Community Learning Centers	84.287	n/a	84,896	-	84,896
COVID-19 - Education Stabilization Fund/Elementary and Secondary Scholl Emergency Relief	84.425D	n/a	1,676,735	-	1,676,735
Total East Baton Rouge Parish School System			2,294,644	-	2,294,644
Department of Health and Human Services					
COVID-19 - COVID Testing	93.323	n/a	17,767	-	17,767
Total Expenditures of Federal Awards			\$ 4,618,162	\$ -	\$ 4,618,162

IDEA Public Schools Louisiana, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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 consolidated 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, 2022:

Total federal expenditures	\$ 4,618,162
Child nutrition program net cash resources	27,111
<hr/>	
Total federal revenues including \$92,082 of contributions of nonfinancial assets	\$ 4,645,273
<hr/>	

NOTE 5: LOAN

The School did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2022.

NOTE 6: FEDERALLY FUNDED INSURANCE

The School has no federally funded insurance for the year ended June 30, 2022.

IDEA Public Schools Louisiana, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

NOTE 7: NONCASH ASSISTANCE

The School received federal noncash assistance for the fiscal year ended June 30, 2022 for USDA commodities in the amount of \$22,934, and the remaining \$69,148 noncash assistance comes from various programs such as ESSER, Charter School Expansion, Title I, Title IV, and 21st Century.

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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? | 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? | 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
----------------------------------	------------------------

- | | | |
|----|---|--|
| | 84.010 | Title I |
| | 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 | No |

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II – Financial Statements Findings

Finding 2022-001 Noncompliance – STUDENT ELIGIBILITY (originated in 2021)

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 2021-2022 school year. 17 of 60 files tested did not contain documentation that the student resided within East Baton Rouge Parish. 14 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.

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

No findings noted.

Section IV – Management Letter

No management letter was issued.

IDEA Public Schools Louisiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section V – Summary Schedule of Prior Audit 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.’

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.

Status: Resolved

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.

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

Status: Not resolved. See current year finding 2022-001.

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.

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

Status: Resolved



IDEA Headquarters
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Weslaco, Texas 78596
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CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS

Finding #2022-001 – 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: January 31, 2023



IDEA Public Schools Louisiana, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2022

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, 2022; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of 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. Two (2) of ten (10) class sizes per the LEADS report did not match the roster size per the report provided by management due to system error. One (1) of ten (10) class sizes per the LEADS report did not match the roster size per the report provided by management due to that course being improperly scheduled within the system.

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. Seven (7) of twenty-five (25) teachers, principals, and assistant principals' education levels 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
December 30, 2022

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

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 7,928,507	
Other instructional staff activities	5,161	
Instructional Staff Employee benefits	1,717,458	
Purchased professional and technical services	1,807,048	
Instructional materials and supplies	1,577,144	
Less instructional equipment	-	
Total teacher and student interaction activities		13,035,318

Other instructional activities		212,577
--------------------------------	--	---------

Pupil support activities	668,266	
Less equipment for pupil support activities	-	
Net pupil support activities		668,266

Instructional Staff Services	661,237	
Less equipment for instructional staff services	-	
Net instructional staff services		661,237

School Administration	18,747,928	
Less: Equipment for School Administration	-	
Net School Administration		18,747,928

Total general fund instructional expenditures		\$33,325,326
---	--	--------------

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

IDEA Public Schools Louisiana, Inc.
Schedule 2

CLASS SIZE CHARACTERISTICS
As of October 1, 2021

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	12%	16	5%	6	58%	76	14%	18
Elementary Activity Classes	-	-	1%	1	9%	12	2%	3
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	12%	66	15%	82	53%	293	9%	52
Combination Activity Classes	1%	4	2%	11	6%	32	2%	9

Elementary = IDEA University Prep
Combination = IDEA Bridge and IDEA Innovation

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



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

December 13, 2022

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
Board of Elementary and Secondary Education Agreed-Upon Procedures
IDEA Public Schools Louisiana, Inc.

Dear Sirs:

IDEA Public Schools Louisiana, Inc. will review policies and procedures regarding class classification, specifically to ensure that classes are scheduled appropriately and that our LEADS reporting is consistent with the rosters in our student information system.

Further, IDEA Public Schools Louisiana, Inc. will review policies and procedures regarding Profile of Educational Personnel (PEP) reporting and make appropriate changes that will improve proper education levels of public schools staff being reported on the PEP report. Management has implemented tighter controls on the coding and verification of degree information during the hiring process and to ensure appropriate documentation is retained to support proper coding and reporting of staff education.

Sincerely,

A handwritten signature in black ink that reads "Matthew Sawyer".

Matthew Sawyer
VP of Information Systems



IDEA PUBLIC SCHOOLS LOUISIANA, INC.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2022

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, 2021 through June 30, 2022. IDEA Public School Louisiana's 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 LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated 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: Exception noted. There is no documented policy on receipts.

- 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) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

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

- g) **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.

- 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.

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: Exception noted. Two (2) of the two (2) bank reconciliations tested were not prepared within 2 months of the related statement closing date.

- 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 procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 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: Exceptions noted. Four (4) out of the eight (8) collections were 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 #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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.

10. For each location selected under #8 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 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 #9, as applicable.

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

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

12. 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.

13. Using the monthly statements or combined statements selected under #12 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)

14. 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 policy (procedure #1g).

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

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

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

Fraud Notice

- 16. 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.

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

- 17. 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.

18. 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 occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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.

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
December 30, 2022