

**INSPIRENOLA CHARTER SCHOOLS**  
**AND SUBSIDIARY**  
**NEW ORLEANS, LOUISIANA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**



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

## CONTENTS

|   | <u>PAGE</u> |
|---|-------------|
| <b><u>INDEPENDENT AUDITORS' REPORT</u></b> .....  | 1-3         |
| <b><u>FINANCIAL STATEMENTS:</u></b>   |             |
| Exhibit "A" Consolidated Statements of Financial Position .....   | 4           |
| Exhibit "B" Consolidated Statements of Activities .....   | 5-6         |
| Exhibit "C" Consolidated Statements of Functional Expenses .....  | 7-8         |
| Exhibit "D" Consolidated Statements of Cash Flows.....  | 9           |
| Notes to Consolidated Financial Statements .....  | 10-23       |
| <b><u>SUPPLEMENTARY INFORMATION:</u></b>  |             |
| Schedule "1" Consolidating Statement of Financial Position.....   | 24          |
| Schedule "2" Consolidating Statement of Activities .....  | 25          |
| Schedule "3" Combining Statement of Financial Position by School.....   | 26          |
| Schedule "4" Combining Statement of Activities by School .....  | 27          |
| Schedule "5" Schedule of Compensation, Benefits, and Other Payments to Agency Head ..   | 28          |
| <b><u>OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS:</u></b>  |             |
| Independent Auditors' Report on Internal Control over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ..... | 29-30       |
| <b><u>SINGLE AUDIT SECTION</u></b>  |             |
| Independent Auditors' Report on Compliance for Each Major Program and on<br>Internal Control Over Compliance Required by the Uniform Guidance .....   | 31-33       |
| Schedule of Expenditures of Federal Awards.....   | 34          |
| Notes to Schedule of Expenditures of Federal Awards .....   | 35          |
| Schedule of Findings and Questioned Costs.....  | 36          |
| Summary Schedule of Prior Year Findings and Questioned Costs.....   | 37          |
| <b><u>SCHEDULES REQUIRED BY STATE LAW (PERFORMANCE STATISTICAL DATA)</u></b>  |             |
| Independent Accountants' Report on Applying Agreed-Upon Procedures.....   | 38-40       |
| Schedules Required by State Law (Performance Statistical Data) .....  | 41-42       |



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Consolidated Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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



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

***Opinion***

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

***Prior Period Financial Statements***

The financial statements of InspireNOLA Charter Schools and Subsidiary as of June 30, 2020 were audited by other auditors whose report dated December 11, 2020 expressed an unmodified opinion on those statements.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Schedules “1” through “4” is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head (Schedule “5”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of InspireNOLA Charter Schools and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of InspireNOLA Charter Schools and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering InspireNOLA Charter Schools and Subsidiary's internal control over financial reporting and compliance.

December 27, 2021  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

## **FINANCIAL STATEMENTS**

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
JUNE 30, 2021 AND 2020

|   | <u>2021</u>              | <u>2020</u>              |
|---|--------------------------|--------------------------|
| <b><u>CURRENT ASSETS:</u></b>             |                          |                          |
| Cash and cash equivalents                 | \$ 11,957,962            | \$ 8,835,817             |
| Investments                               | 905,735                  | 904,935                  |
| Grant receivables                         | 6,862,955                | 3,270,261                |
| Other receivables                         | 323,850                  | 66,940                   |
| Prepaid expenses                          | <u>1,149,975</u>         | <u>455,082</u>           |
| <br>Total current assets                  | <br><u>21,200,477</u>    | <br><u>13,533,035</u>    |
| <b><u>PROPERTY AND EQUIPMENT, NET</u></b> |                          |                          |
|   | <u>1,184,082</u>         | <u>237,902</u>           |
| <b><u>OTHER ASSETS:</u></b>               |                          |                          |
| Deposits                                  | <u>116,615</u>           | <u>95,967</u>            |
| <br>Total other assets                    | <br><u>116,615</u>       | <br><u>95,967</u>        |
| <br>Total assets                          | <br><u>\$ 22,501,174</u> | <br><u>\$ 13,866,904</u> |
| <b><u>CURRENT LIABILITIES:</u></b>        |                          |                          |
| Accounts payable                          | \$ 2,563,074             | \$ 1,691,466             |
| Accrued expenses                          | 3,783,219                | 3,070,757                |
| Current portion of capital leases         | 201,097                  | -                        |
| Current portion of long-term debt         | 425,000                  | -                        |
| Student activity funds                    | <u>370,477</u>           | <u>477,676</u>           |
| <br>Total current liabilities             | <br><u>7,342,867</u>     | <br><u>5,239,899</u>     |
| <b><u>NON-CURRENT LIABILITIES:</u></b>    |                          |                          |
| Capital lease, net of current portion     | 645,027                  | -                        |
| Long-term debt, net of current portion    | <u>450,000</u>           | <u>325,000</u>           |
| <br>Total non-current liabilities         | <br><u>1,095,027</u>     | <br><u>325,000</u>       |
| <br>Total liabilities                     | <br><u>8,437,894</u>     | <br><u>5,564,899</u>     |
| <b><u>NET ASSETS:</u></b>                 |                          |                          |
| Without donor restrictions                | 10,964,011               | 6,614,007                |
| With donor restrictions                   | <u>3,099,269</u>         | <u>1,687,998</u>         |
| <br>Total net assets                      | <br><u>14,063,280</u>    | <br><u>8,302,005</u>     |
| <br>Total liabilities and net assets      | <br><u>\$ 22,501,174</u> | <br><u>\$ 13,866,904</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

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

|                                       | <u>Without Donor</u><br><u>Restrictions</u> | <u>With Donor</u><br><u>Restrictions</u> | <u>Total</u>          |
|---------------------------------------|---|--|-----------------------|
| <b><u>REVENUE:</u></b>                |   |  |                       |
| State/Local public school funding     | \$ 55,980,261                               | \$ 233,511                               | \$ 56,213,772         |
| Federal grants                        | -   | 13,562,701                               | 13,562,701            |
| Other state funding                   | 6,945                                       | 122,219                                  | 129,164               |
| Grants and contributions              | 165,033                                     | 1,600,275                                | 1,765,308             |
| Other income                          | 2,044,898                                   | 1,318,630                                | 3,363,528             |
| Net assets released from restrictions | <u>15,426,065</u>                           | <u>(15,426,065)</u>                      | <u>-</u>              |
| <br>Total revenue                     | <br><u>73,623,202</u>                       | <br><u>1,411,271</u>                     | <br><u>75,034,473</u> |
| <b><u>EXPENSES:</u></b>               |   |  |                       |
| Program services:                     |   |  |                       |
| General instructional                 | 32,274,638                                  | -  | 32,274,638            |
| General non-instructional             | 18,257,457                                  | -  | 18,257,457            |
| Special education                     | 13,215,810                                  | -  | 13,215,810            |
| Special programs                      | 2,123,522                                   | -  | 2,123,522             |
| Administration                        | <u>3,401,771</u>                            | <u>-</u>                                 | <u>3,401,771</u>      |
| <br>Total expenses                    | <br><u>69,273,198</u>                       | <br><u>-</u>                             | <br><u>69,273,198</u> |
| <br>Change in net assets              | <br>4,350,004                               | <br>1,411,271                            | <br>5,761,275         |
| Net assets, beginning of year         | <u>6,614,007</u>                            | <u>1,687,998</u>                         | <u>8,302,005</u>      |
| Net assets, end of year               | <u>\$ 10,964,011</u>                        | <u>\$ 3,099,269</u>                      | <u>\$ 14,063,280</u>  |

See accompanying NOTES TO FINANCIAL STATEMENTS



**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                       | Without Donor<br><u>Restrictions</u> | With Donor<br><u>Restrictions</u> | <u>Total</u>            |
|---------------------------------------|--------------------------------------|-----------------------------------|-------------------------|
| <b><u>REVENUE:</u></b>                |                                      |                                   |                         |
| State/Local public school funding     | \$ 50,035,202                        | \$ -                              | \$ 50,035,202           |
| Federal grants                        | -                                    | 10,808,563                        | 10,808,563              |
| Other state funding                   | 6,945                                | 235,616                           | 242,561                 |
| Donations and contributions           | 156,098                              | 1,495,000                         | 1,651,098               |
| Other income                          | 966,439                              | 1,742,757                         | 2,709,196               |
| Net assets released from restrictions | <u>13,619,288</u>                    | <u>(13,619,288)</u>               | <u>-</u>                |
| <br>Total revenue                     | <br><u>64,783,972</u>                | <br><u>662,648</u>                | <br><u>65,446,620</u>   |
| <b><u>EXPENSES:</u></b>               |                                      |                                   |                         |
| Program services:                     |                                      |                                   |                         |
| General instructional                 | 26,814,501                           | -                                 | 26,814,501              |
| General non-instructional             | 18,454,563                           | -                                 | 18,454,563              |
| Special education                     | 11,679,772                           | -                                 | 11,679,772              |
| Special programs                      | 1,831,792                            | -                                 | 1,831,792               |
| Administration                        | <u>2,697,558</u>                     | <u>-</u>                          | <u>2,697,558</u>        |
| <br>Total expenses                    | <br><u>61,478,186</u>                | <br><u>-</u>                      | <br><u>61,478,186</u>   |
| <br>Change in net assets              | <br>3,305,786                        | <br>662,648                       | <br>3,968,434           |
| <br>Net assets, beginning of year     | <br><u>3,308,221</u>                 | <br><u>1,025,350</u>              | <br><u>4,333,571</u>    |
| <br>Net assets, end of year           | <br><u>\$ 6,614,007</u>              | <br><u>\$ 1,687,998</u>           | <br><u>\$ 8,302,005</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

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

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

See accompanying NOTES TO FINANCIAL STATEMENTS

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                       | Program Services         |                              |                      |                     | Support Services    |                      |
|---------------------------------------|--------------------------|------------------------------|----------------------|---------------------|---------------------|----------------------|
|                                       | General<br>Instructional | General<br>Non-Instructional | Special<br>Education | Special<br>Programs | Administration      | Total                |
| Salaries                              | \$ 17,923,684            | \$ 3,758,721                 | \$ 7,413,467         | \$ 1,306,622        | \$ 1,354,453        | \$ 31,756,947        |
| Employee benefits                     | 1,464,499                | 367,492                      | 686,946              | 127,588             | 115,032             | 2,761,557            |
| Retirement                            | 4,523,304                | 993,086                      | 1,885,748            | 336,611             | 358,191             | 8,096,940            |
| Payroll taxes                         | 329,694                  | 69,702                       | 129,352              | 20,391              | 21,448              | 570,587              |
| Purchased educational services        | 180,946                  | 50,199                       | 44,661               | 21,806              | -                   | 297,612              |
| Other purchased professional services | 49,800                   | 280,226                      | 27,657               | -                   | 214,363             | 572,046              |
| Purchased technical services          | 10,640                   | 141,215                      | -                    | -                   | 2,920               | 154,775              |
| Utilities                             | -                        | 977,597                      | -                    | -                   | -                   | 977,597              |
| Repairs and maintenance               | 4,240                    | 2,183,197                    | 150                  | -                   | 9,057               | 2,196,644            |
| Rentals                               | 156,070                  | 598,898                      | 26,489               | -                   | 56,001              | 837,458              |
| Student transportation                | 7,050                    | 3,285,358                    | 743,858              | -                   | 575                 | 4,036,841            |
| Insurance                             | 86,816                   | 1,065,689                    | 34,988               | 3,751               | 36,194              | 1,227,438            |
| Communications                        | 383,616                  | 408,441                      | 106,420              | -                   | 85,595              | 984,072              |
| Advertising, printing, and binding    | 6,305                    | 36,704                       | 1,074                | -                   | 20,002              | 64,085               |
| Tuition                               | 521,578                  | -                            | 2,775                | -                   | -                   | 524,353              |
| Food service                          | -                        | 2,485,307                    | -                    | -                   | -                   | 2,485,307            |
| Travel                                | 31,767                   | 46,029                       | 15,441               | -                   | 15,967              | 109,204              |
| Miscellaneous purchased services      | 171,213                  | 22,018                       | 32,275               | -                   | 71,192              | 296,698              |
| Materials and supplies                | 472,356                  | 379,176                      | 345,242              | 15,023              | 273,981             | 1,485,778            |
| Books and periodicals                 | 472,045                  | -                            | 182,952              | -                   | -                   | 654,997              |
| Dues and fees                         | 11,778                   | 984,239                      | -                    | -                   | 41,878              | 1,037,895            |
| Miscellaneous                         | 7,100                    | 232,427                      | 277                  | -                   | 17,459              | 257,263              |
| Depreciation                          | -                        | 88,842                       | -                    | -                   | -                   | 88,842               |
| Interest                              | -                        | -                            | -                    | -                   | 3,250               | 3,250                |
|                                       | <u>\$ 26,814,501</u>     | <u>\$ 18,454,563</u>         | <u>\$ 11,679,772</u> | <u>\$ 1,831,792</u> | <u>\$ 2,697,558</u> | <u>\$ 61,478,186</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

|   | <u>2021</u>          | <u>2020</u>         |
|---|----------------------|---------------------|
| <b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>  |                      |                     |
| Change in net assets  | \$ 5,761,275         | \$ 3,968,434        |
| Adjustments to reconcile change in net assets to cash and cash equivalents<br>from (used for) operating activities: |                      |                     |
| Depreciation expense  | 170,815              | 88,842              |
| (Increase) decrease in:   |                      |                     |
| Grant receivables   | (3,592,694)          | (187,254)           |
| Other receivables   | (256,910)            | 143,824             |
| Prepaid expenses  | (694,893)            | 46,963              |
| Deposits  | (20,648)             | (17,058)            |
| Increase (decrease) in:   |                      |                     |
| Accounts payable  | 871,608              | (1,339,514)         |
| Accrued expenses  | 712,462              | 314,707             |
| Student activity funds  | <u>(107,199)</u>     | <u>477,676</u>      |
| Net cash from operating activities  | <u>2,843,816</u>     | <u>3,496,620</u>    |
| <b><u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u></b>  |                      |                     |
| Capital expenditures  | (37,495)             | (233,252)           |
| Purchase of investments   | <u>(800)</u>         | <u>(122,565)</u>    |
| Net cash (used for) investing activities  | <u>(38,295)</u>      | <u>(355,817)</u>    |
| <b><u>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</u></b>  |                      |                     |
| Proceeds from issuance of long-term debt  | 550,000              | -                   |
| Payments on capital leases  | <u>(233,376)</u>     | <u>-</u>            |
| Net cash from financing activities  | <u>316,624</u>       | <u>-</u>            |
| Net increase in cash and cash equivalents   | 3,122,145            | 3,140,803           |
| Cash and cash equivalents, beginning of year  | <u>8,835,817</u>     | <u>5,695,014</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 11,957,962</u> | <u>\$ 8,835,817</u> |

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
JUNE 30, 2021 AND 2020

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

**Nature of Activities**

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

| <u>School</u>                          | <u>Type</u> | <u>Term Date</u> |
|--|-------------|------------------|
| McDonough 42 Elementary Charter School | Type 3      | June 30, 2022    |
| Eleanor McMain Secondary School        | Type 3      | June 30, 2022    |
| Dwight D. Eisenhower Charter School    | Type 1      | June 30, 2023    |
| McDonough 35 Senior High School        | Type 1      | June 30, 2024    |
| Pierre Capdau                          | Type 1      | June 30, 2025    |
| Andrew Wilson Charter School           | Type 1      | June 30, 2025    |
| Alice M. Harte Elementary School       | Type 3      | June 30, 2028    |
| Edna Karr Senior High                  | Type 3      | June 30, 2028    |

**Principles of Consolidation**

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

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

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

**Basis of Accounting**

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

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

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

**Basis of Presentation**

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

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

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

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

**Receivables**

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2021 and 2020, no allowance has been recorded as management considers all receivables to be fully collectible.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

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

**Investments**

InspireNOLA invests in LAMP, which is administered by LAMP, Inc. a non-profit corporation incorporated in the State of Louisiana. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The investment in LAMP is valued at fair value, which is determined weekly by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

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

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

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

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

No Level 2 or Level 3 inputs were used by InspireNOLA during June 30, 2021 and 2020.

**Property and Equipment and Depreciation**

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

|                            |          |
|----------------------------|----------|
| Buildings and improvements | 27 years |
| Office equipment           | 5 years  |

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

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

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

**Compensated Absences**

All instructional staff members are granted ten annual leave days at the beginning of each year. School Support Center and non-instructional staff are granted a total of 12 annual leave days per year. Prior to July 1, 2019, employees could roll-forward a maximum of 120 hours and could redeem any unused time for additional compensation at the end of employment. On July 1, 2019, InspireNOLA converted to a use or lose it policy. Employees employed prior to June 30, 2019 are allowed to carry-forward their leave liability balance until they redeem it for extra time-off or additional compensation at the end of employment. As of June 30, 2021 and 2020, the accrued leave liability totaled \$394,737 and \$522,801, respectively.

**Revenue Recognition**

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

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

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

In addition, InspireNOLA receives services donated by parents and community members in carrying out InspireNOLA's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under GAAP.



**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

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

**Functional Expenses**

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

**Income Tax Status**

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

InspireNOLA's federal Form 990 for 2017 through 2019 is subject to examination by the IRS, generally for three years after it was filed. As of the date of this report, an extension has been filed for the 2020 Form 990, which is for the fiscal year ended June 30, 2021.

**New Accounting Pronouncement**

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." The ASU and all subsequently issued clarifying ASUs superseded the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. InspireNOLA has adjusted the presentation of these statements accordingly. The ASU have been applied retrospectively to all periods presented. The adoption had no material impact on InspireNOLA's financial statements.

**Date of Management Review**

Subsequent events have been evaluated through December 27, 2021, which is the date the financial statements were available to be issued.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
JUNE 30, 2021 AND 2020

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

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

|                                |                  |                 |
|--------------------------------|------------------|-----------------|
| Cash paid during the year for: | <u>2021</u>      | <u>2020</u>     |
| Interest                       | \$ <u>16,770</u> | \$ <u>3,250</u> |

**Noncash Investing and Financing Activity**

During the year ended June 30, 2021, InspireNOLA had noncash investing and financing transactions related to a capital lease for new field turf of \$1,270,000.

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

The following reflects InspireNOLA's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include debt service. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

|  |                      |                      |
|--|----------------------|----------------------|
|  | <u>2021</u>          | <u>2020</u>          |
| Financial assets at year-end   | \$ 20,050,502        | \$ 12,600,277        |
| Less those unavailable for general expenditure within one year due to:                 |                      |                      |
| Debt service   | <u>(626,097)</u>     | <u>(-)</u>           |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 19,424,405</u> | <u>\$ 12,600,277</u> |

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

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
JUNE 30, 2021 AND 2020

**(4) GRANT RECEIVABLES**

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

|                             | <u>2021</u>         | <u>2020</u>         |
|-----------------------------|---------------------|---------------------|
| Due from federal government | \$ 727,367          | \$ -                |
| Due from State of Louisiana | 5,322,647           | 2,693,167           |
| Due from local government   | 812,610             | 527,507             |
| Due from other              | <u>331</u>          | <u>49,587</u>       |
|                             | <u>\$ 6,862,955</u> | <u>\$ 3,270,261</u> |

**(5) INVESTMENTS**

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

|                        | <u>2021</u>       | <u>2020</u>       |
|------------------------|-------------------|-------------------|
| LAMP                   | \$ 795,735        | \$ 794,935        |
| Certificate of deposit | <u>110,000</u>    | <u>110,000</u>    |
| Total investments      | <u>\$ 905,735</u> | <u>\$ 904,935</u> |

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

|                        | <u>2021</u>      | <u>2020</u>      |
|------------------------|------------------|------------------|
| Dividends and interest | <u>\$ 80,585</u> | <u>\$ 60,747</u> |

**(6) PROPERTY AND EQUIPMENT**

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

|                               | <u>2021</u>         | <u>2020</u>       |
|-------------------------------|---------------------|-------------------|
| Buildings and improvements    | \$ 1,381,784        | \$ 66,784         |
| Office equipment              | 89,748              | 40,821            |
| Construction in progress      | <u>-</u>            | <u>233,250</u>    |
|                               | 1,471,532           | 340,855           |
| Less accumulated depreciation | <u>(287,450)</u>    | <u>(102,953)</u>  |
| Total                         | <u>\$ 1,184,082</u> | <u>\$ 237,902</u> |

Depreciation expense for the years ended June 30, 2021 and 2020 was \$170,815 and \$88,842, respectively.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
JUNE 30, 2021 AND 2020

**(7) INTERFUND ACTIVITY**

InspireNOLA uses a pooled cash account to track interfund receivables and payables. Due to/from pooled cash balances, which are eliminated on the statements of financial position at June 30, 2021 are as follows:

| <u>Due from Pooled Cash</u> | <u>Amount</u>            | <u>Due to Pooled Cash</u> | <u>Amount</u>            |
|-----------------------------|--------------------------|---------------------------|--------------------------|
| School Support Center       | \$ 4,732,889             | School Support Center     | \$ 11,646,453            |
| Alice Harte                 | 3,234,176                | Alice Harte               | 535,907                  |
| Edna Karr                   | 3,515,059                | Edna Karr                 | 482,135                  |
| Andrew Wilson               | 927,188                  | Andrew Wilson             | 853,792                  |
| Inspire 42                  | (65,705)                 | Inspire 42                | 490,768                  |
| Eleanor McMain              | 1,230,227                | Eleanor McMain            | 928,385                  |
| Dwight Eisenhower           | 727,234                  | Dwight Eisenhower         | 754,816                  |
| McDonogh 35                 | 1,192,777                | McDonogh 35               | 419,758                  |
| Pierre Capdau               | 937,706                  | Pierre Capdau             | 583,788                  |
| McDonogh 35-OPSB            | <u>390,918</u>           | McDonogh 35-OPSB          | <u>126,667</u>           |
| <br>Total                   | <br><u>\$ 16,822,469</u> |                           | <br><u>\$ 16,822,469</u> |

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

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

| <u>Transfer In</u>    | <u>Amount</u>           | <u>Transfer Out</u>   | <u>Amount</u>           |
|-----------------------|-------------------------|-----------------------|-------------------------|
| School Support Center | \$ 6,005,874            | School Support Center | \$ 180,615              |
| Alice Harte           | 134,709                 | Alice Harte           | 893,274                 |
| Edna Karr             | 561,779                 | Edna Karr             | 1,708,919               |
| Andrew Wilson         | 135,508                 | Andrew Wilson         | 811,559                 |
| Inspire 42            | 95,570                  | Inspire 42            | 516,374                 |
| Eleanor McMain        | 400,540                 | Eleanor McMain        | 1,383,104               |
| Dwight Eisenhower     | 120,648                 | Dwight Eisenhower     | 786,345                 |
| McDonogh 35           | 308,840                 | McDonogh 35           | 2,310,336               |
| Pierre Capdau         | 58,726                  | Pierre Capdau         | 655,992                 |
| McDonogh 35-OPSB      | <u>1,573,768</u>        | McDonogh 35-OPSB      | <u>149,444</u>          |
| <br>Total             | <br><u>\$ 9,395,962</u> | <br>Total             | <br><u>\$ 9,395,962</u> |

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

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
JUNE 30, 2021 AND 2020

**(8) LONG-TERM DEBT**

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

|  | 2021       | 2020       |
|--|------------|------------|
| Unsecured loans provided by nonprofit organization for startup operations of InspireNOLA's schools. The loans all bear interest at 1% and principal and accrued interest are payable in full upon maturity. Loans mature from November 30, 2021 through June 30, 2025. | \$ 725,000 | \$ 325,000 |
| Small Business Administration Economic Injury Disaster Loan. Installment payments, including Principal and interest, of \$641 monthly, will begin 12 Months from June 5, 2020. Interest will accrue at 2.75%. Matures on June 5, 2050. Secured by equipment.           | 150,000    | -          |
|  | 875,000    | 325,000    |
| Less: current portion of long-term debt  | (425,000)  | (-)        |
| Total long-term debt, net  | \$ 450,000 | \$ 325,000 |

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

|            |    |         |
|------------|----|---------|
| 2022       | \$ | 425,000 |
| 2023       |    | 103,041 |
| 2024       |    | 103,697 |
| 2025       |    | 103,800 |
| 2026       |    | 3,906   |
| Thereafter |    | 135,556 |
|            | \$ | 875,000 |

Interest expense totaled \$4,167 and \$3,774 for the years ended June 30, 2021 and 2020, respectively.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
JUNE 30, 2021 AND 2020

**(9) RESTRICTIONS ON NET ASSETS**

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

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Act Now                                       | \$ 6,275            | \$ -                |
| Education Excellence                          | 122,522             | 78,790              |
| Pro Bono Publico Foundation                   | 25,000              | -                   |
| LA 4 State                                    | 77,966              | -                   |
| Jazz & Heritage In-School Educational Program | 5                   | 2,294               |
| Personalized Learning Pilot Grant – NSNO      | 11,944              | 27,298              |
| Charter School Growth Fund                    | 2,061,738           | 473,069             |
| Charter School Growth Fund – Startup          | 100,000             | -                   |
| Youth Force                                   | -                   | 19,152              |
| Schwab Foundation                             | 71,172              | 100,000             |
| Instructional Quality Initiative              | -                   | 54,366              |
| Start Up & Scaling Expenses – NSNO            | 305,165             | 70,321              |
| Share Our Strength                            | 40,570              | 5,000               |
| Charter School Growth Fund – COVID Support    | -                   | 20,000              |
| NSNO – Capdau                                 | 76,851              | 14,351              |
| Schwab Foundation – COVID                     | -                   | 12,680              |
| NSNO – COVID                                  | -                   | 72,410              |
| Charter School Growth Fund – Social Work      | 49,200              | -                   |
| Jrue Holiday Grant                            | 28,815              | -                   |
| National School Lunch Program Equipment       | 15,917              | -                   |
| IQI Award                                     | 31,129              | 120,000             |
| Walton – ADE Award                            | -                   | 463,957             |
| ADE – NSNO                                    | -                   | 15,000              |
| ADE – Schwab                                  | -                   | 39,310              |
| City Fund                                     | <u>75,000</u>       | <u>100,000</u>      |
| Net assets with donor restrictions            | <u>\$ 3,099,269</u> | <u>\$ 1,687,998</u> |

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**(10) RETIREMENT PLAN**

Certain employees of InspireNOLA participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

*Plan Description*

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits and five years for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

*Funding Policy*

Plan members are required to contribute 8% of their annual covered salary. InspireNOLA is required to contribute at an actuarially determined rate. The rate is 25.8% of annual eligible contributions for the TRSL and is established by state law, and rates are established by the Public Retirement System's Actuarial Committee. InspireNOLA's contributions to the plan for the years ended June 30, 2021 and 2020 were \$8,792,712 and \$8,096,940, respectively.

**(11) COMMITMENTS**

**Capital Leases**

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

Following is a summary of property held under capital leases:

|                            |                     |
|----------------------------|---------------------|
| Buildings and improvements | \$ 1,315,000        |
| Accumulated amortization   | <u>(165,690)</u>    |
| Total                      | <u>\$ 1,149,310</u> |

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
JUNE 30, 2021 AND 2020

**(11) COMMITMENTS (CONTINUED)**

**Capital Leases (continued)**

Future minimum lease payments under the terms of the leases as of December 31, 2020 are as follows:

|   |    |                  |
|---|----|------------------|
| 2022  | \$ | 237,993          |
| 2023  |    | 237,933          |
| 2024  |    | 237,933          |
| 2025  |    | <u>237,933</u>   |
| Net minimum lease payments                  |    | 951,973          |
| Amount representing interest                |    | <u>(105,849)</u> |
| Present value of net minimum lease payments | \$ | <u>846,124</u>   |

**Operating Leases**

InspireNOLA occupies office space under a lease with the OPSB. The lease was amended to expand the space effective August 1, 2020. Monthly rental payments total \$11,894. The lease expires on December 31, 2021.

InspireNOLA leases two school facilities from the OPSB for Pierre Capdau and McDonogh 24. Monthly rental payments total \$24,375 and \$32,819. The Pierre Capdau lease expires on June 30, 2025 and the McDonogh 42 lease expires on November 30, 2023.

The following schedule provides the annual payments due for subsequent years:

|      |    |                  |
|------|----|------------------|
| 2022 | \$ | 757,692          |
| 2023 |    | 894,420          |
| 2024 |    | 486,888          |
| 2025 |    | <u>494,196</u>   |
|      | \$ | <u>2,633,196</u> |

**(12) CONCENTRATIONS OF CREDIT RISK**

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



**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**(13) GRANT PROGRAM CONTINGENCIES**

InspireNOLA participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that InspireNOLA has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2021 and 2020 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and InspireNOLA.

**(14) ECONOMIC DEPENDENCY**

InspireNOLA receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2021 and 2020 totaled \$56,213,772 and \$50,035,202, respectively. Funding was received from various federal grants passed through the State of Louisiana totaling \$13,562,701 and \$10,808,563 for the years ended June 30, 2021 and 2020, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds InspireNOLA receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds InspireNOLA will receive in fiscal year 2022 relating to its grant awards.

**(15) NEW ACCOUNTING PRONOUNCEMENTS**

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

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**(15) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

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

**(16) CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended June 30, 2021, InspireNOLA updated its functional expense methodology to reflect changes in its account and reporting structure. The effect of the change was to decrease administration functional expenses by \$3,254,478 and increase program expenses by \$3,254,478 for the year ended June 30, 2020.

**(17) RECLASSIFICATIONS**

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

**SUPPLEMENTARY INFORMATION**

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
**WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020**

|   | InspireNOLA<br>Charter Schools | Friends of<br>InspireNOLA | Eliminating<br>Entries | 2021<br>Total        | 2020<br>Total        |
|---|--------------------------------|---------------------------|------------------------|----------------------|----------------------|
| <b><u>ASSETS:</u></b>                     |                                |                           |                        |                      |                      |
| Cash and cash equivalents                 | \$ 11,839,675                  | \$ 118,287                | \$ -                   | \$ 11,957,962        | \$ 8,835,817         |
| Investments                               | 905,735                        | -                         | -                      | 905,735              | 904,935              |
| Grant receivables                         | 6,862,955                      | -                         | -                      | 6,862,955            | 3,270,261            |
| Other receivables                         | 323,850                        | -                         | -                      | 323,850              | 66,940               |
| Prepaid expenses                          | 1,149,975                      | -                         | -                      | 1,149,975            | 455,082              |
|   | <u>21,082,190</u>              | <u>118,287</u>            | <u>-</u>               | <u>21,200,477</u>    | <u>13,533,035</u>    |
| Total current assets                      |                                |                           |                        |                      |                      |
|   | <u>1,184,082</u>               | <u>-</u>                  | <u>-</u>               | <u>1,184,082</u>     | <u>237,902</u>       |
| <b><u>PROPERTY AND EQUIPMENT, NET</u></b> |                                |                           |                        |                      |                      |
| <b><u>OTHER ASSETS:</u></b>               |                                |                           |                        |                      |                      |
| Deposits                                  | 116,615                        | -                         | -                      | 116,615              | 95,967               |
|   | <u>116,615</u>                 | <u>-</u>                  | <u>-</u>               | <u>116,615</u>       | <u>95,967</u>        |
| Total other assets                        |                                |                           |                        |                      |                      |
|   | <u>22,382,887</u>              | <u>118,287</u>            | <u>-</u>               | <u>22,501,174</u>    | <u>13,866,904</u>    |
| Total assets                              |                                |                           |                        |                      |                      |
| <b><u>CURRENT LIABILITIES:</u></b>        |                                |                           |                        |                      |                      |
| Accounts payable                          | \$ 2,563,074                   | \$ -                      | \$ -                   | \$ 2,563,074         | \$ 1,691,466         |
| Accrued expenses                          | 3,783,219                      | -                         | -                      | 3,783,219            | 3,070,757            |
| Current portion of capital leases         | 201,097                        | -                         | -                      | 201,097              | -                    |
| Current portion of long-term debt         | 425,000                        | -                         | -                      | 425,000              | -                    |
| Student activity funds                    | 370,477                        | -                         | -                      | 370,477              | 477,676              |
|   | <u>7,342,867</u>               | <u>-</u>                  | <u>-</u>               | <u>7,342,867</u>     | <u>5,239,899</u>     |
| Total current liabilities                 |                                |                           |                        |                      |                      |
| <b><u>NON-CURRENT LIABILITIES:</u></b>    |                                |                           |                        |                      |                      |
| Capital leases, net of current portion    | 645,027                        | -                         | -                      | 645,027              | -                    |
| Long-term debt, net of current portion    | 450,000                        | -                         | -                      | 450,000              | 325,000              |
|   | <u>1,095,027</u>               | <u>-</u>                  | <u>-</u>               | <u>1,095,027</u>     | <u>325,000</u>       |
| Total non-current liabilities             |                                |                           |                        |                      |                      |
|   | <u>8,437,894</u>               | <u>-</u>                  | <u>-</u>               | <u>8,437,894</u>     | <u>5,564,899</u>     |
| Total liabilities                         |                                |                           |                        |                      |                      |
| <b><u>NET ASSETS:</u></b>                 |                                |                           |                        |                      |                      |
| Without donor restrictions                | 10,845,724                     | 118,287                   | -                      | 10,964,011           | 6,614,007            |
| With donor restrictions                   | 3,099,269                      | -                         | -                      | 3,099,269            | 1,687,998            |
|   | <u>13,944,993</u>              | <u>118,287</u>            | <u>-</u>               | <u>14,063,280</u>    | <u>8,302,005</u>     |
| Total net assets                          |                                |                           |                        |                      |                      |
|   | <u>\$ 22,382,887</u>           | <u>\$ 118,287</u>         | <u>\$ -</u>            | <u>\$ 22,501,174</u> | <u>\$ 13,866,904</u> |
| Total liabilities and net assets          |                                |                           |                        |                      |                      |

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**WITH SUMMARIZED INFORMATION AT JUNE 30, 2020**

|                                       | InspireNOLA Charter Schools   |                            |                   | Friends of InspireNOLA        |                            |                | Eliminating<br>Entries | 2021<br>Total     | 2020<br>Total     |
|---------------------------------------|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|----------------|------------------------|-------------------|-------------------|
|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total          |                        |                   |                   |
| <b>REVENUE:</b>                       |                               |                            |                   |                               |                            |                |                        |                   |                   |
| State/Local public school funding     | \$ 55,980,261                 | \$ 233,511                 | \$ 56,213,772     | \$ -                          | \$ -                       | \$ -           | \$ -                   | \$ 56,213,772     | \$ 50,035,202     |
| Federal grants                        | -                             | 13,562,701                 | 13,562,701        | -                             | -                          | -              | -                      | 13,562,701        | 10,808,563        |
| Other state funding                   | 6,945                         | 122,219                    | 129,164           | -                             | -                          | -              | -                      | 129,164           | 242,561           |
| Grants and contributions              | 14,781                        | 1,600,275                  | 1,615,056         | 150,252                       | -                          | 150,252        | -                      | 1,765,308         | 1,651,098         |
| Other income                          | 2,044,898                     | 1,318,630                  | 3,363,528         | -                             | -                          | -              | -                      | 3,363,528         | 2,709,196         |
| Net assets released from restrictions | 15,426,065                    | (15,426,065)               | -                 | -                             | -                          | -              | -                      | -                 | -                 |
| <b>Total revenue</b>                  | <b>73,472,950</b>             | <b>1,411,271</b>           | <b>74,884,221</b> | <b>150,252</b>                | <b>-</b>                   | <b>150,252</b> | <b>-</b>               | <b>75,034,473</b> | <b>65,446,620</b> |
| <b>EXPENSES:</b>                      |                               |                            |                   |                               |                            |                |                        |                   |                   |
| Program services:                     |                               |                            |                   |                               |                            |                |                        |                   |                   |
| General instructional                 | 32,274,638                    | -                          | 32,274,638        | -                             | -                          | -              | -                      | 32,274,638        | 26,814,501        |
| General non-instructional             | 18,257,457                    | -                          | 18,257,457        | -                             | -                          | -              | -                      | 18,257,457        | 18,454,563        |
| Special education                     | 13,215,810                    | -                          | 13,215,810        | -                             | -                          | -              | -                      | 13,215,810        | 11,679,772        |
| Special programs                      | 2,123,522                     | -                          | 2,123,522         | -                             | -                          | -              | -                      | 2,123,522         | 1,831,792         |
| Administration                        | 3,369,806                     | -                          | 3,369,806         | 31,965                        | -                          | 31,965         | -                      | 3,401,771         | 2,697,558         |
| <b>Total expenses</b>                 | <b>69,241,233</b>             | <b>-</b>                   | <b>69,241,233</b> | <b>31,965</b>                 | <b>-</b>                   | <b>31,965</b>  | <b>-</b>               | <b>69,273,198</b> | <b>61,478,186</b> |
| Change in net assets                  | 4,231,717                     | 1,411,271                  | 5,642,988         | 118,287                       | -                          | 118,287        | -                      | 5,761,275         | 3,968,434         |
| Net assets, beginning of year         | 6,614,007                     | 1,687,998                  | 8,302,005         | -                             | -                          | -              | -                      | 8,302,005         | 4,333,571         |
| Net assets, end of year               | \$ 10,845,724                 | \$ 3,099,269               | \$ 13,944,993     | \$ 118,287                    | \$ -                       | \$ 118,287     | \$ -                   | \$ 14,063,280     | \$ 8,302,005      |

(See Independent Auditors' Report)

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**COMBINING STATEMENT OF FINANCIAL POSITION BY SCHOOL**  
**JUNE 30, 2021**  
**WITH SUMMARIZED INFORMATION AT JUNE 30, 2020**

|   | School Support<br>Center | Alice Harte<br>Charter School | Edna Karr<br>High School | Andrew Wilson<br>Charter School | Inspire 42<br>Charter School | Eleanor McMain<br>Secondary School | Dwight Eisenhower<br>Charter School | McDonogh 35<br>Senior High School | Pierre Capdau<br>Charter School | McDonogh 35<br>OPSB | Interfund<br>Eliminations | 2021<br>Total | 2020<br>Total |
|---|--------------------------|-------------------------------|--------------------------|---------------------------------|------------------------------|------------------------------------|-------------------------------------|-----------------------------------|---------------------------------|---------------------|---------------------------|---------------|---------------|
| <b><u>CURRENT ASSETS:</u></b>             |                          |                               |                          |                                 |                              |                                    |                                     |                                   |                                 |                     |                           |               |               |
| Cash and cash equivalents                 | \$ 11,397,334            | \$ 82,426                     | \$ 140,286               | \$ 34,179                       | \$ 11,331                    | \$ 62,537                          | \$ 31,751                           | \$ 64,156                         | \$ 15,675                       | \$ -                | \$ -                      | \$ 11,839,675 | \$ 8,835,817  |
| Investments                               | 795,735                  | 110,000                       | -                        | -                               | -                            | -                                  | -                                   | -                                 | -                               | -                   | -                         | 905,735       | 904,935       |
| Grant receivables                         | 248,037                  | 597,696                       | 679,700                  | 940,297                         | 614,054                      | 1,048,860                          | 820,658                             | 960,479                           | 687,796                         | 265,378             | -                         | 6,862,955     | 3,270,261     |
| Other receivables                         | 26,581                   | 23,479                        | 48,944                   | 2,686                           | 106,006                      | 30,636                             | 7,757                               | 30,111                            | 53,463                          | (5,813)             | -                         | 323,850       | 66,940        |
| Due from pooled cash                      | 4,732,889                | 3,234,176                     | 3,515,059                | 927,188                         | (65,705)                     | 1,230,227                          | 727,234                             | 1,192,777                         | 937,706                         | 390,918             | (16,822,469)              | -             | -             |
| Prepaid expenses                          | 411,744                  | 82,999                        | 154,871                  | 67,642                          | 61,522                       | 113,290                            | 108,981                             | 92,000                            | 56,926                          | -                   | -                         | 1,149,975     | 455,082       |
| Total current assets                      | 17,612,320               | 4,130,776                     | 4,538,860                | 1,971,992                       | 727,208                      | 2,485,550                          | 1,696,381                           | 2,339,523                         | 1,751,566                       | 650,483             | (16,822,469)              | 21,082,190    | 13,533,035    |
| <b><u>PROPERTY AND EQUIPMENT, NET</u></b> |                          |                               |                          |                                 |                              |                                    |                                     |                                   |                                 |                     |                           |               |               |
|   | -                        | -                             | 1,154,160                | -                               | -                            | 4,870                              | 6,197                               | 18,855                            | -                               | -                   | -                         | 1,184,082     | 237,902       |
| <b><u>OTHER ASSETS:</u></b>               |                          |                               |                          |                                 |                              |                                    |                                     |                                   |                                 |                     |                           |               |               |
| Deposits                                  | -                        | 12,944                        | 19,651                   | 22,178                          | 19,679                       | 24,108                             | -                                   | -                                 | 18,055                          | -                   | -                         | 116,615       | 95,967        |
| Total other assets                        | -                        | 12,944                        | 19,651                   | 22,178                          | 19,679                       | 24,108                             | -                                   | -                                 | 18,055                          | -                   | -                         | 116,615       | 95,967        |
| Total assets                              | \$ 17,612,320            | \$ 4,143,720                  | \$ 5,712,671             | \$ 1,994,170                    | \$ 746,887                   | \$ 2,514,528                       | \$ 1,702,578                        | \$ 2,358,378                      | \$ 1,769,621                    | \$ 650,483          | \$ (16,822,469)           | \$ 22,382,887 | \$ 13,866,904 |
| <b><u>CURRENT LIABILITIES</u></b>         |                          |                               |                          |                                 |                              |                                    |                                     |                                   |                                 |                     |                           |               |               |
| Accounts payable                          | \$ 120,201               | \$ 279,035                    | \$ 315,355               | \$ 239,834                      | \$ 173,447                   | \$ 256,578                         | \$ 197,901                          | \$ 200,269                        | \$ 462,484                      | \$ 317,970          | \$ -                      | \$ 2,563,074  | \$ 1,691,466  |
| Accrued expenses                          | 255,055                  | 472,486                       | 654,053                  | 478,769                         | 254,634                      | 531,941                            | 449,571                             | 144,826                           | 336,038                         | 205,846             | -                         | 3,783,219     | 3,070,757     |
| Current portion of capital leases         | -                        | -                             | 201,097                  | -                               | -                            | -                                  | -                                   | -                                 | -                               | -                   | -                         | 201,097       | -             |
| Current portion of long-term debt         | 425,000                  | -                             | -                        | -                               | -                            | -                                  | -                                   | -                                 | -                               | -                   | -                         | 425,000       | -             |
| Due to pooled cash                        | 11,646,453               | 535,907                       | 482,135                  | 853,792                         | 490,768                      | 928,385                            | 754,816                             | 419,758                           | 583,788                         | 126,667             | (16,822,469)              | -             | -             |
| Student activity funds                    | -                        | 10,562                        | 140,286                  | 34,179                          | 11,331                       | 62,537                             | 31,751                              | 64,156                            | 15,675                          | -                   | -                         | 370,477       | 477,676       |
| Total current liabilities                 | 12,446,709               | 1,297,990                     | 1,792,926                | 1,606,574                       | 930,180                      | 1,779,441                          | 1,434,039                           | 829,009                           | 1,397,985                       | 650,483             | (16,822,469)              | 7,342,867     | 5,239,899     |
| <b><u>NON-CURRENT LIABILITIES</u></b>     |                          |                               |                          |                                 |                              |                                    |                                     |                                   |                                 |                     |                           |               |               |
| Capital leases, net of current portion    | -                        | -                             | 645,027                  | -                               | -                            | -                                  | -                                   | -                                 | -                               | -                   | -                         | 645,027       | -             |
| Long-term debt, net of current portion    | 450,000                  | -                             | -                        | -                               | -                            | -                                  | -                                   | -                                 | -                               | -                   | -                         | 450,000       | 325,000       |
| Total non-current liabilities             | 450,000                  | -                             | 645,027                  | -                               | -                            | -                                  | -                                   | -                                 | -                               | -                   | -                         | 1,095,027     | 325,000       |
| Total liabilities                         | 12,896,709               | 1,297,990                     | 2,437,953                | 1,606,574                       | 930,180                      | 1,779,441                          | 1,434,039                           | 829,009                           | 1,397,985                       | 650,483             | (16,822,469)              | 8,437,894     | 5,564,899     |
| <b><u>NET ASSETS</u></b>                  |                          |                               |                          |                                 |                              |                                    |                                     |                                   |                                 |                     |                           |               |               |
| Without donor restrictions                | 2,358,502                | 2,805,351                     | 3,199,861                | 360,743                         | (271,330)                    | 688,357                            | 244,403                             | 1,174,713                         | 285,124                         | -                   | -                         | 10,845,724    | 6,614,007     |
| With donor restrictions                   | 2,357,109                | 40,379                        | 74,857                   | 26,853                          | 88,037                       | 46,730                             | 24,136                              | 354,656                           | 86,512                          | -                   | -                         | 3,099,269     | 1,687,998     |
| Total net assets                          | 4,715,611                | 2,845,730                     | 3,274,718                | 387,596                         | (183,293)                    | 735,087                            | 268,539                             | 1,529,369                         | 371,636                         | -                   | -                         | 13,944,993    | 8,302,005     |
| Total liabilities and net assets          | \$ 17,612,320            | \$ 4,143,720                  | \$ 5,712,671             | \$ 1,994,170                    | \$ 746,887                   | \$ 2,514,528                       | \$ 1,702,578                        | \$ 2,358,378                      | \$ 1,769,621                    | \$ 650,483          | \$ (16,822,469)           | \$ 22,382,887 | \$ 13,866,904 |

(See Independent Auditors' Report)

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**COMBINING STATEMENT OF ACTIVITIES BY SCHOOL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020**

|  | School Support Center | Alice Harte Charter School | Edna Karr High School | Andrew Wilson Charter School | Inspire 42 Charter School | Eleanor McMain Secondary School | Dwight Eisenhower Charter School | McDonogh 35 Senior High School | Pierre Capdau Charter School | McDonogh 35 OPSB | Interfund Eliminations | 2021 Total           | 2020 Total          |
|--|-----------------------|----------------------------|-----------------------|------------------------------|---------------------------|---------------------------------|----------------------------------|--------------------------------|------------------------------|------------------|------------------------|----------------------|---------------------|
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>          |                       |                            |                       |                              |                           |                                 |                                  |                                |                              |                  |                        |                      |                     |
| <b>REVENUE:</b>  |                       |                            |                       |                              |                           |                                 |                                  |                                |                              |                  |                        |                      |                     |
| State/Local public school funding                      | \$ -                  | \$ 7,216,386               | \$ 10,980,067         | \$ 6,449,751                 | \$ 4,278,811              | \$ 9,251,350                    | \$ 6,309,711                     | \$ 4,122,790                   | \$ 5,972,221                 | \$ 1,399,174     | \$ -                   | \$ 55,980,261        | \$ 50,035,202       |
| Federal grants   | -                     | -                          | -                     | -                            | -                         | -                               | -                                | -                              | -                            | -                | -                      | -                    | -                   |
| Other state funding                                    | -                     | -                          | 1,377                 | -                            | -                         | 1,437                           | -                                | 4,131                          | -                            | -                | -                      | 6,945                | 6,945               |
| Grants and contributions                               | 14,734                | -                          | -                     | -                            | -                         | 47                              | -                                | -                              | -                            | -                | -                      | 14,781               | 156,098             |
| Other income   | 87,596                | 85,686                     | 8,833                 | 5,693                        | 3,842                     | 7,131                           | 16,237                           | 1,828,445                      | 568                          | 867              | -                      | 2,044,898            | 966,439             |
| Net assets released from restrictions                  | 1,467,916             | 1,974,293                  | 2,088,347             | 1,995,074                    | 1,407,508                 | 1,952,103                       | 1,974,449                        | 1,028,572                      | 1,180,371                    | 357,432          | -                      | 15,426,065           | 13,619,288          |
| <b>Total revenue</b>                                   | <b>1,570,246</b>      | <b>9,276,365</b>           | <b>13,078,624</b>     | <b>8,450,518</b>             | <b>5,690,161</b>          | <b>11,212,068</b>               | <b>8,300,397</b>                 | <b>6,983,938</b>               | <b>7,153,160</b>             | <b>1,757,473</b> | <b>-</b>               | <b>73,472,950</b>    | <b>64,783,972</b>   |
| <b>EXPENSES:</b>                                       |                       |                            |                       |                              |                           |                                 |                                  |                                |                              |                  |                        |                      |                     |
| Program services:                                      |                       |                            |                       |                              |                           |                                 |                                  |                                |                              |                  |                        |                      |                     |
| General instructional                                  | 1,690,195             | 3,581,048                  | 5,829,585             | 3,330,907                    | 2,639,176                 | 4,940,429                       | 3,586,142                        | 1,805,919                      | 2,935,781                    | 1,935,456        | -                      | 32,274,638           | 26,814,501          |
| General non-instructional                              | 382,512               | 2,046,033                  | 3,157,509             | 2,011,176                    | 1,852,793                 | 2,656,948                       | 1,848,458                        | 1,563,156                      | 2,034,001                    | 704,871          | -                      | 18,257,457           | 18,454,563          |
| Special education                                      | 1,127,716             | 1,686,273                  | 1,978,667             | 1,732,731                    | 886,801                   | 1,841,579                       | 1,673,815                        | 607,073                        | 1,101,619                    | 579,536          | -                      | 13,215,810           | 11,679,772          |
| Special programs                                       | -                     | 497,105                    | 301,016               | 364,517                      | 167,079                   | 240,946                         | 353,490                          | -                              | 199,369                      | -                | -                      | 2,123,522            | 1,831,792           |
| Administration   | 3,369,806             | -                          | -                     | -                            | -                         | -                               | -                                | -                              | -                            | -                | -                      | 3,369,806            | 2,697,558           |
| <b>Total expenses</b>                                  | <b>6,570,229</b>      | <b>7,810,459</b>           | <b>11,266,777</b>     | <b>7,439,331</b>             | <b>5,545,849</b>          | <b>9,679,902</b>                | <b>7,461,905</b>                 | <b>3,976,148</b>               | <b>6,270,770</b>             | <b>3,219,863</b> | <b>-</b>               | <b>69,241,233</b>    | <b>61,478,186</b>   |
| <b>TRANSFERS IN/OUT:</b>                               |                       |                            |                       |                              |                           |                                 |                                  |                                |                              |                  |                        |                      |                     |
| Transfers in   | 6,005,874             | 134,709                    | 561,779               | 135,508                      | 95,570                    | 400,540                         | 120,648                          | 308,840                        | 58,726                       | 1,573,768        | (9,395,962)            | -                    | -                   |
| Transfers out  | (180,615)             | (893,274)                  | (1,708,919)           | (811,559)                    | (516,374)                 | (1,383,104)                     | (786,345)                        | (2,310,336)                    | (655,992)                    | (149,444)        | 9,395,962              | -                    | -                   |
| <b>Total transfers in/out</b>                          | <b>5,825,259</b>      | <b>(758,565)</b>           | <b>(1,147,140)</b>    | <b>(676,051)</b>             | <b>(420,804)</b>          | <b>(982,564)</b>                | <b>(665,697)</b>                 | <b>(2,001,496)</b>             | <b>(597,266)</b>             | <b>1,424,324</b> | <b>-</b>               | <b>-</b>             | <b>-</b>            |
| <b>Change in net assets without donor restrictions</b> | <b>825,276</b>        | <b>707,341</b>             | <b>664,707</b>        | <b>335,136</b>               | <b>(276,492)</b>          | <b>549,602</b>                  | <b>172,795</b>                   | <b>1,006,294</b>               | <b>285,124</b>               | <b>(38,066)</b>  | <b>-</b>               | <b>4,231,717</b>     | <b>3,305,786</b>    |
| <b>NET ASSETS WITH DONOR RESTRICTIONS:</b>             |                       |                            |                       |                              |                           |                                 |                                  |                                |                              |                  |                        |                      |                     |
| State/Local public school funding                      | -                     | 7,346                      | 23,337                | 7,779                        | 39,934                    | 46,030                          | 29,888                           | 24,768                         | 54,429                       | -                | -                      | 233,511              | -                   |
| Federal grants   | 293,729               | 1,911,435                  | 1,997,792             | 1,956,260                    | 1,374,015                 | 1,824,241                       | 1,878,463                        | 903,330                        | 1,066,004                    | 357,432          | -                      | 13,562,701           | 10,808,563          |
| Other state funding                                    | -                     | 13,719                     | 33,250                | 12,116                       | 8,093                     | 21,255                          | 18,132                           | 2,999                          | 12,655                       | -                | -                      | 122,219              | 235,616             |
| Grants and contributions                               | 1,600,275             | -                          | -                     | -                            | -                         | -                               | -                                | -                              | -                            | -                | -                      | 1,600,275            | 695,000             |
| Other income   | 634,595               | 32,875                     | 41,390                | 27,875                       | 32,875                    | 44,890                          | 32,875                           | 371,810                        | 99,445                       | -                | -                      | 1,318,630            | 2,542,757           |
| Net assets released from restrictions                  | (1,467,916)           | (1,974,293)                | (2,088,347)           | (1,995,074)                  | (1,407,508)               | (1,952,103)                     | (1,974,449)                      | (1,028,572)                    | (1,180,371)                  | (357,432)        | -                      | (15,426,065)         | (13,619,288)        |
| <b>Change in net assets with donor restrictions</b>    | <b>1,060,683</b>      | <b>(8,918)</b>             | <b>7,422</b>          | <b>8,956</b>                 | <b>47,409</b>             | <b>(15,687)</b>                 | <b>(15,091)</b>                  | <b>274,335</b>                 | <b>52,162</b>                | <b>-</b>         | <b>-</b>               | <b>1,411,271</b>     | <b>662,648</b>      |
| <b>Net assets, beginning of year</b>                   | <b>2,829,652</b>      | <b>2,147,307</b>           | <b>2,602,589</b>      | <b>43,504</b>                | <b>45,790</b>             | <b>201,172</b>                  | <b>110,835</b>                   | <b>248,740</b>                 | <b>34,350</b>                | <b>38,066</b>    | <b>-</b>               | <b>8,302,005</b>     | <b>4,333,571</b>    |
| <b>Net assets, end of year</b>                         | <b>\$ 4,715,611</b>   | <b>\$ 2,845,730</b>        | <b>\$ 3,274,718</b>   | <b>\$ 387,596</b>            | <b>\$ (183,293)</b>       | <b>\$ 735,087</b>               | <b>\$ 268,539</b>                | <b>\$ 1,529,369</b>            | <b>\$ 371,636</b>            | <b>\$ -</b>      | <b>\$ -</b>            | <b>\$ 13,944,993</b> | <b>\$ 8,302,005</b> |

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <u>Jamar McKneely, CEO</u>      |
|--|---------------------------------|
| Time served                                      | 06/30/20<br>through<br>06/30/21 |
| Salary   | \$ 218,767                      |
| Other compensation                               | 51,249                          |
| Benefits - employer portion of TRSL              | 67,506                          |
| Benefits - employer portion of medical           | 8,707                           |
| Benefits - employer portion of life              | 1,098                           |
| Medicare   | 3,702                           |
| State unemployment                               | 135                             |
| Worker's compensation                            | 358                             |
| Car allowance                                    | 3,450                           |
| Travel   | 411                             |
| Communications                                   | 887                             |
| Postage and freight                              | 41                              |
| Technology related supplies                      | 388                             |
| Special meals                                    | 2,963                           |
|  | <hr/>                           |
| Total compensation, benefits, and other payments | <u>\$ 359,662</u>               |



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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of InspireNOLA Charter Schools and Subsidiary (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered InspireNOLA Charter Schools and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of InspireNOLA Charter Schools and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the InspireNOLA Charter Schools and Subsidiary's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether InspireNOLA Charter Schools and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the InspireNOLA Charter Schools and Subsidiary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the InspireNOLA Charter Schools and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 27, 2021  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**SINGLE AUDIT SECTION**



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

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

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

We have audited InspireNOLA Charter Schools and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of InspireNOLA Charter Schools and Subsidiary's major federal programs for the year ended June 30, 2021. InspireNOLA Charter Schools and Subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of InspireNOLA Charter Schools and Subsidiary's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about InspireNOLA Charter Schools and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of InspireNOLA Charter Schools and Subsidiary's compliance.



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

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

In our opinion, InspireNOLA Charter Schools and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

Management of InspireNOLA Charter Schools and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered InspireNOLA Charter Schools and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of InspireNOLA Charter Schools and Subsidiary's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 27, 2021  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Pass-through Grantor/<br>Program Title                              | Federal<br>AL<br>Number | Federal<br>Disbursements/<br>Expenditures |
|---|-------------------------|---|
| <b><u>U.S. Department of Education</u></b>  |                         |   |
| Charter Schools   | 84.282                  | \$ 891,852                                |
| <i>Pass-through from Louisiana Department of Education</i>                          |                         |   |
| Title I Grants to Local Educational Agencies  | 84.010                  | 3,762,609                                 |
| Special Education Cluster (IDEA):   |                         |   |
| Special Education - Grants to States  | 84.027                  | \$ 1,355,682                              |
| Special Education - Preschool Grants  | 84.173                  | <u>7,373</u>                              |
| Total Special Education Cluster   |                         | 1,363,055                                 |
| Gaining Early Awareness and Readiness for Undergraduate Programs                    | 84.334                  | 90,403                                    |
| English Language Acquisition State Grants   | 84.365                  | 42,919                                    |
| Improving Teacher Quality State Grants  | 84.367                  | 35,056                                    |
| Comprehensive Literacy Development  | 84.371                  | 206,349                                   |
| Student Support and Academic Enrichment Program                                     | 84.424                  | 191,758                                   |
| COVID-19 Governor's Emergency Education Relief Fund                                 | 84.425C                 | 47,117                                    |
| COVID-19 Elementary and Secondary School Emergency Relief Fund                      | 84.425D                 | 2,584,920                                 |
| COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund | 84.425U                 | <u>1,607,293</u>                          |
| Total Education Stabilization Fund  |                         | 4,239,330                                 |
| Career and Technical Education - Basic Grants to States                             | 84.048                  | 136,675                                   |
| <i>Pass-through National Institute for Excellence in Teaching</i>                   |                         |   |
| Teacher and School Leader Incentive Grants  | 84.374                  | <u>231,962</u>                            |
| Total U.S. Department of Education  |                         | <u>11,191,968</u>                         |
| <b><u>U.S. Department of Agriculture</u></b>  |                         |   |
| <i>Pass-through from Louisiana Department of Education</i>                          |                         |   |
| Child Nutrition Cluster   |                         |   |
| National School Lunch Program   | 10.555                  | <u>1,808,895</u>                          |
| Total Child Nutrition Cluster   |                         | <u>1,808,895</u>                          |
| Total U.S. Department of Agriculture  |                         | <u>1,808,895</u>                          |
| Total expenditures of federal awards  |                         | <u>\$ 13,000,863</u>                      |

(See Independent Auditors' Report)



**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)***

All federal grant operations of InspireNOLA Charter Schools and Subsidiary are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Special Education Cluster (AL Nos. 84.027 and 84.173)  
Charter Schools (AL No. 84.282)  
Education Stabilization Fund (AL Nos. 84.425C, 84.425D, and 84.425U)

**NOTE 2 – FISCAL PERIOD AUDIT**

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2021.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when InspireNOLA Charter Schools and Subsidiary has met the qualifications for the respective grants.

**Payments to Subrecipients**

There were no payments to subrecipients for the fiscal year ended June 30, 2021.

**Non-Cash Assistance**

Nonmonetary assistance in the amount of \$37,359 is reported in the schedule of expenditures of federal awards as AL No. 10.555 at the fair market value of the commodities received and disbursed.

**NOTE 4 – INDIRECT COST RATE**

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

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**I. SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of InspireNOLA Charter Schools and Subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for InspireNOLA Charter Schools and Subsidiary expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were Special Education Cluster (AL Nos. 84.027 and 84.173), Charter Schools (AL No. 84.282), and Education Stabilization Fund (AL Nos. 84.425C, 84.425D, and 84.425U).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. InspireNOLA Charter Schools and Subsidiary was determined to be a low-risk auditee.
10. A management letter was issued for the year ended June 30, 2021.

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings related to the consolidated financial statements for the year ended June 30, 2021.

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

There were no findings related to major federal awards programs for the year ended June 30, 2021.

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

Not applicable

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

Not applicable

**III. MANAGEMENT LETTER**

Not applicable

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

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

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

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of InspireNOLA Charter Schools and Subsidiary for the fiscal year ended June 30, 2021. Management of InspireNOLA Charter Schools and Subsidiary is responsible for its performance and statistical data.

InspireNOLA Charter Schools and Subsidiary has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

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

Exceptions: None



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

Class Size Characteristics (Schedule 2)

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

Exceptions: None

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

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

Exceptions: None

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Exceptions: None

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



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

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

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

December 27, 2021  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND**  
**CERTAIN LOCAL REVENUE SOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES**

|   | Column A      | Column B      |
|---|---------------|---------------|
| General fund instructional expenditures:                          |               |               |
| Teacher and student interaction activities:                       |               |               |
| Classroom teacher salaries  | \$ 16,953,501 |               |
| Other instructional staff salaries                                | 1,991,850     |               |
| Instructional staff employee benefits                             | 7,279,097     |               |
| Purchased professional and technical services                     | 81,714        |               |
| Instructional materials and supplies                              | 913,209       |               |
| Instructional equipment   | -             |               |
| Total teacher and students interaction activities                 |               | \$ 27,219,371 |
| Other instructional activities                                    |               | 695,241       |
| Pupil support services  | 3,705,541     |               |
| Less: equipment for pupil support services                        | -             |               |
| Net pupil support services  |               | 3,705,541     |
| Instructional staff services                                      | 2,142,183     |               |
| Less: equipment for instructional staff services                  | -             |               |
| Net instructional staff services                                  |               | 2,142,183     |
| School administration   | 5,829,364     |               |
| Less: equipment for school administration                         | -             |               |
| Net school administration   |               | 5,829,364     |
| Total general fund instructional expenditures (total of column B) |               | \$ 39,591,700 |
| Total general fund equipment expenditures                         |               | \$ -          |
| <br><b><u>CERTAIN LOCAL REVENUE SOURCES</u></b>                   |               |               |
| Total local taxation revenue                                      |               | \$ -          |
| Total local earnings on investment in real property               |               | \$ -          |
| Total state revenue in lieu of taxes                              |               | \$ -          |
| Nonpublic textbook revenue  |               | \$ -          |
| Nonpublic transportation revenue                                  |               | \$ -          |

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



**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**CLASS SIZE CHARACTERISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**AS OF OCTOBER 1, 2020**

|                                  | CLASS SIZE RANGE |        |         |        |         |        |         |        |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
|                                  | 1-20             |        | 21-26   |        | 27-33   |        | 34+     |        |
| <b>SCHOOL TYPE:</b>              | Percent          | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary                       | 19%              | 116    | 48%     | 286    | 22%     | 131    | 6%      | 34     |
| Elementary/Activity Classes      | 1%               | 7      | 3%      | 15     | 1%      | 3      | 1%      | 6      |
| Middle/Jr. High                  | -                | -      | -       | -      | -       | -      | -       | -      |
| Middle/Jr. High Activity Classes | -                | -      | -       | -      | -       | -      | -       | -      |
| High                             | 42%              | 455    | 39%     | 417    | 9%      | 96     | 1%      | 8      |
| High Activity Classes            | 4%               | 45     | 4%      | 38     | 1%      | 7      | 1%      | 9      |
| Combination                      | -                | -      | -       | -      | -       | -      | -       | -      |
| Combination Activity Classes     | -                | -      | -       | -      | -       | -      | -       | -      |

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



## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the InspireNOLA Charter Schools and Subsidiary (InspireNOLA) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the *Louisiana Governmental Audit Guide*, we considered InspireNOLA's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the InspireNOLA's internal control. Accordingly, we do not express an opinion on the effectiveness of the InspireNOLA's internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comment and suggestions concerning this matter. This letter does not affect our report dated December 27, 2021, on the financial statements of the InspireNOLA Charter Schools and Subsidiary.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestions with various InspireNOLA personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comment is summarized as follows:

### **2021-001 Vendor Payment Management**

During the year ended June 30, 2021, it was discovered that correspondence between InspireNOLA and a vendor had been compromised by an illegal third party. Upon closer review, it was discovered that email addresses had a slight change in the email string. Over the period of three months (October 2020 through December 2020), an email requesting a payment information change was sent by the illegal third party and acted upon by InspireNOLA's finance department. A wire was processed for \$221,079.52 for July 2020 through October 2020 rent for one of InspireNOLA's school facilities. A second wire for \$31,255.88 was sent for November 2020 rent. Both wires were sent to a fraudulent bank account. The fraud was discovered on December 31, 2020 when InspireNOLA and the vendor were communicating about payment outside of this altered email string.

InspireNOLA promptly alerted the relevant authorities including the local office of the FBI, New Orleans' District Attorney's Office, and the New Orleans Police Department, its insurance company, the Louisiana Legislative Auditor, and its independent CPA firm to report the illegal activity. The identity of the illegal third party has not been determined and that remains unlikely to occur given the nature of the fraud scheme.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of  
InspireNOLA Charter Schools and Subsidiary  
December 27, 2021

Page 2

An internal review was conducted on InspireNOLA's email systems and payment information systems to ensure no other assets were compromised. No other compromised assets have been discovered. InspireNOLA has changed its payment information change processes with vendors to include direct phone calls with appropriate parties at vendors to verify the authenticity of the request.

At this time, there has been no progress in the open case with the FBI or NOPD. Further progress is unlikely given the nature of the fraud scheme. InspireNOLA has been reimbursed through its insurance company for \$247,335.40, with the remaining \$5,000 serving as InspireNOLA's deductible.

We recommend that InspireNOLA continue to review its cybersecurity and IT policies and procedures on a regular basis. Further, employees should be subjected to regular IT and cybersecurity threat training and notifications to keep apprised of the latest fraud schemes. Finally, InspireNOLA should periodically conduct penetration tests and phishing/malware simulations to regularly test its employees on its IT and cybersecurity policies and procedures.

This communication is intended solely for the information and use of management, the Board of Directors and others within the InspireNOLA Charter Schools and Subsidiary and is not intended to be and should not be used by anyone other than these specified parties.

December 27, 2021  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants



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**INSPIRENOLA CHARTER SCHOOLS AND SUBSIDIARY**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN – MANAGEMENT LETTER ITEMS**  
**JUNE 30, 2021**

December 27, 2021

Louisiana Legislative Auditor

InspireNOLA Charter Schools and Subsidiary (InspireNOLA) respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
4227 Canal Street  
New Orleans, LA 70119

Audit Period: July 1, 2020 – June 30, 2021

The comment from the June 30, 2021 management letter is discussed below. The comment is numbered consistently with the number assigned in the letter.

**SECTION III MANAGEMENT LETTER ITEMS**

**2021-001 Vendor Payment Management**

**Recommendation:** We recommend that InspireNOLA continue to review its cybersecurity and IT policies and procedures on a regular basis. Further, employees should be subjected to regular IT and cybersecurity threat training and notifications to keep apprised of the latest fraud schemes. Finally, InspireNOLA should periodically conduct penetration tests and phishing/malware simulations to regularly test its employees on its IT and cybersecurity policies and procedures.

**Response:** InspireNOLA is committed to ensuring cybersecurity is maintained at the highest levels possible. Our IT department has implemented additional data breach security programs as well as additional firewall and phishing monitoring software. Fraudulent email schemes are being added to our annual employee training schedules as well as individual training as needed by our IT staff. Our email system now identifies all emails outside of normal conversation in order to scrutinize infrequent emailers. All finance staff have been trained and instructed to review any new emails or change order and report to supervisors.

The Board of Directors and management of the InspireNOLA are committed to ensuring that our operations fully comply with the letter and spirit of the applicable standards for operation of a public housing authority. We hope that our responses and actions demonstrate this commitment, but should you have any questions or require additional information, please do not hesitate to contact Charlie Mackles, Chief Financial Officer, at (504) 227-3057.

Sincerely,



**Charlie Mackles**  
**Chief Financial Officer**