

**InspireNOLA CHARTER SCHOOLS**

**FINANCIAL REPORT**

**For the Year Ended June 30, 2019**

**InspireNOLA CHARTER SCHOOLS**

**TABLE OF CONTENTS**

**FINANCIAL SECTION**

Independent Auditor’s Report ..... 1 - 2

**Basic Financial Statements**

Combining Statement of Financial Position..... 3  
Combining Statement of Activities..... 4  
Combining Statement of Functional Expenses..... 5  
Combining Statement of Cash Flows..... 6  
Notes to Financial Statements..... 7 - 14

**Supplementary Information**

Schedule of Compensation, Benefits, and Other Payments to the Agency Head..... 15  
Combining Schedule of Financial Position..... 16  
Combining Schedule of Activities..... 17 – 19  
Combining Schedule of Functional Expenses..... 20 - 22

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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*..... 23 - 24

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**SINGLE AUDIT SECTION**

Independent Auditor’s Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance ..... 25 - 26  
Schedule of Expenditures of Federal Awards..... 27  
Notes to Schedule of Expenditures of Federal Awards..... 28  
Schedule of Findings and Questioned Costs..... 29 - 30  
Summary Schedule of Prior Audit Findings and Questioned Costs..... 31

**PERFORMANCE STATISTICAL DATA**

**Schedules Required by State Law**

|  |         |
|--|---------|
| Independent Accountant’s Report on Applying Agreed-Upon Procedures .....   | 32 - 33 |
| Schedule 1: General Fund Instructional and Support Expenditures and<br>Certain Local Revenue Sources for the Year Ended June 30, 2018..... | 34      |
| Schedule 2: Class Size Characteristics.....  | 35      |

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

December 2, 2019

Board of Directors of  
**InspireNOLA Charter Schools**  
New Orleans, Louisiana

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

We have audited the accompanying combining financial statements of InspireNOLA Charter Schools, ("InspireNOLA") (A Nonprofit Organization), which comprise the combining statement of financial position as of June 30, 2019, and the related combining statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these combining 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these combining financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of InspireNOLA Charter Schools, as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, management has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combining financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the agency head, the combining schedules of financial position, activities and functional expenses and the 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 are presented for purposes of additional analysis and are not a required part of the combining financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2019 on our consideration of InspireNOLA'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 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 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's internal control over financial reporting and compliance.

***Hienz & Macaluso, LLC***

Metairie, LA

## **BASIC FINANCIAL STATEMENTS**

**InspireNOLA CHARTER SCHOOLS**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

**ASSETS**

**CURRENT ASSETS**

|                           |                      |
|---------------------------|----------------------|
| Cash and cash equivalents | \$ 5,695,014         |
| Investments               | 782,371              |
| Grants receivable         | 3,083,007            |
| Other receivables         | 210,764              |
| Due from pooled cash      | -                    |
| Prepaid expenses          | 502,045              |
| Deposits                  | 78,909               |
| Total Current Assets      | <u>\$ 10,352,110</u> |

**PROPERTY AND EQUIPMENT**

|                                   |               |
|-----------------------------------|---------------|
| Building and improvements         | 114,366       |
| Office equipment                  | 63,146        |
| Less: accumulated depreciation    | (84,021)      |
| Total Property and Equipment, Net | <u>93,491</u> |

|              |                          |
|--------------|--------------------------|
| Total Assets | <u><u>10,445,601</u></u> |
|--------------|--------------------------|

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                           |                  |
|---------------------------|------------------|
| Accounts payable          | 3,030,980        |
| Accrued expenses          | 2,756,050        |
| Due to pooled cash        | -                |
| Total Current Liabilities | <u>5,787,030</u> |

**LONG-TERM LIABILITIES**

|                             |                |
|-----------------------------|----------------|
| Loans payable               | 325,000        |
| Total Long-Term Liabilities | <u>325,000</u> |

|                   |                  |
|-------------------|------------------|
| Total Liabilities | <u>6,112,030</u> |
|-------------------|------------------|

**NET ASSETS**

|                                       |                  |
|---------------------------------------|------------------|
| Net assets without donor restrictions | 3,308,221        |
| Net assets with donor restrictions    | 1,025,350        |
| Total Net Assets                      | <u>4,333,571</u> |

|                                  |                             |
|----------------------------------|-----------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 10,445,601</u></u> |
|----------------------------------|-----------------------------|

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

**InspireNOLA CHARTER SCHOOLS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

| <b>REVENUES</b>                         | <u>Without</u><br><u>Donor Restrictions</u> | <u>With</u><br><u>Donor Restrictions</u> | <u>Total</u>        |
|---|---|--|---------------------|
| State public school funding             | \$ 42,754,086                               | \$ -                                     | \$ 42,754,086       |
| Federal grants                          | 9,381,457                                   | -  | 9,381,457           |
| Other state funding                     | 353,610                                     | -  | 353,610             |
| Donations and contributions             | 59,164                                      | 569,049                                  | 628,213             |
| Other income                            | 323,785                                     | 156,757                                  | 480,542             |
| Net assets released from restrictions   | 692,164                                     | (692,164)                                | -                   |
| <b>Total Revenues</b>                   | <u>53,564,266</u>                           | <u>33,642</u>                            | <u>53,597,908</u>   |
| <br><b>EXPENSES</b>                     |   |  |                     |
| <b>Program services</b>                 |   |  |                     |
| Regular educational programs            | 15,409,699                                  | -  | 15,409,699          |
| Special education programs              | 4,402,813                                   | -  | 4,402,813           |
| Career and technical education programs | 1,105,304                                   | -  | 1,105,304           |
| Other instructional programs            | 2,297,597                                   | -  | 2,297,597           |
| Special programs                        | 3,253,109                                   | -  | 3,253,109           |
| Pupil support services                  | 3,788,978                                   | -  | 3,788,978           |
| Instructional staff services            | 3,421,712                                   | -  | 3,421,712           |
| School administration                   | 6,739,049                                   | -  | 6,739,049           |
| Student transportation services         | 4,049,285                                   | -  | 4,049,285           |
| Operation and maintenance of plant      | 5,798,560                                   | -  | 5,798,560           |
| Food service operations                 | 2,646,955                                   | -  | 2,646,955           |
| <b>Management and general</b>           |   |  |                     |
| Business administration                 | 1,379,720                                   | -  | 1,379,720           |
| Central services                        | 1,693,743                                   | -  | 1,693,743           |
| General administration                  | 866,648                                     | -  | 866,648             |
| <b>Total Expenses</b>                   | <u>56,853,172</u>                           | <u>-</u>                                 | <u>56,853,172</u>   |
| <br>Change in Net Assets                | <br>(3,288,906)                             | <br>33,642                               | <br>(3,255,264)     |
| Net Assets, Beginning of Year           | <u>6,597,127</u>                            | <u>991,708</u>                           | <u>7,588,835</u>    |
| Net Assets, End of Year                 | <u>\$ 3,308,221</u>                         | <u>\$ 1,025,350</u>                      | <u>\$ 4,333,571</u> |

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

**InspireNOLA CHARTER SCHOOLS**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                          | <b>PROGRAM<br/>SERVICES</b> | <b>SUPPORT<br/>SERVICES</b>           | <b>Total</b>         |
|--------------------------|-----------------------------|---------------------------------------|----------------------|
|                          | <u>Instructional</u>        | <u>Management<br/>and<br/>General</u> |                      |
| Salaries                 | \$ 26,883,638               | \$ 1,577,756                          | \$ 28,461,394        |
| Retirement               | 7,001,280                   | 419,559                               | 7,420,839            |
| Transportation           | 4,049,285                   | -                                     | 4,049,285            |
| Food service management  | 3,321,666                   | -                                     | 3,321,666            |
| Other employee benefits  | 2,281,990                   | 131,173                               | 2,413,163            |
| Supplies                 | 2,103,734                   | 173,093                               | 2,276,827            |
| Professional services    | 1,192,031                   | 504,399                               | 1,696,430            |
| Repairs and maintenance  | 1,377,789                   | 12,276                                | 1,390,065            |
| Custodial services       | 1,078,440                   | 383                                   | 1,078,823            |
| Insurance                | 763,910                     | 256,582                               | 1,020,492            |
| Dues and fees            | 786,239                     | 45,447                                | 831,686              |
| Rent                     | 408,759                     | 327,382                               | 736,141              |
| Communications           | 540,350                     | 88,886                                | 629,236              |
| Payroll taxes            | 479,323                     | 26,515                                | 505,838              |
| Miscellaneous            | 269,342                     | 80,080                                | 349,422              |
| Seminars and conferences | 63,977                      | 89,673                                | 153,650              |
| Lawn care                | 81,927                      | 12,273                                | 94,200               |
| Security                 | 86,988                      | -                                     | 86,988               |
| Advertising              | -                           | 67,107                                | 67,107               |
| Furniture and fixtures   | 52,858                      | -                                     | 52,858               |
| Printing and binding     | 3,633                       | 46,884                                | 50,517               |
| Legal                    | -                           | 35,447                                | 35,447               |
| Utilities                | 25,799                      | 9,260                                 | 35,059               |
| Disposal                 | 33,532                      | -                                     | 33,532               |
| Accounting               | -                           | 16,775                                | 16,775               |
| Mileage allowance        | 14,879                      | -                                     | 14,879               |
| Travel                   | 204                         | 8,114                                 | 8,318                |
| Postage and freight      | 2,064                       | 2,584                                 | 4,648                |
| Interest                 | -                           | 3,774                                 | 3,774                |
| Depreciation             | 9,424                       | 4,689                                 | 14,113               |
|                          | <u>\$ 52,913,061</u>        | <u>\$ 3,940,111</u>                   | <u>\$ 56,853,172</u> |

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

**InspireNOLA CHARTER SCHOOLS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|   |                |
|---|----------------|
| Change in net assets  | \$ (3,255,264) |
| Adjustments to reconcile change in net assets to<br>to net cash (used) by operating activities: |                |
| Depreciation  | 14,113         |
| (Increase) decrease in current assets:  |                |
| Grants receivable   | (140,032)      |
| Other receivables   | (60,225)       |
| Due from pooled cash  | -              |
| Prepaid expenses  | (185,396)      |
| Deposits  | (500)          |
| Increase (decrease) in current liabilities:   |                |
| Accounts payable  | 2,307,982      |
| Accrued expenses  | 539,540        |
| Due to pooled cash  | -              |
| Due to other agencies   | -              |
| Net cash (used) by operating activities   | \$ (779,782)   |

**CASH FLOWS FROM INVESTING ACTIVITIES:**

|   |         |
|---|---------|
| Sale of investments                       | 719,024 |
| Purchase of property and equipment        | (9,375) |
| Net cash provided by investing activities | 709,649 |

**CASH FLOWS FROM FINANCING ACTIVITIES:**

|   |         |
|---|---------|
| Proceeds from loans payable               | 100,000 |
| Net cash provided by financing activities | 100,000 |

Net increase in cash and cash equivalents 29,867

Cash and cash equivalents, beginning of year 5,665,147

Cash and cash equivalents, end of year \$ 5,695,014

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

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

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, 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:

|                                       |               |
|---------------------------------------|---------------|
| Andrew Wilson Charter School          | June 30, 2021 |
| McDonogh 42 Elementary Charter School | June 30, 2022 |
| Eleanor McMain Secondary School       | June 30, 2022 |
| Dwight D. Eisenhower Charter School   | June 30, 2023 |
| McDonogh 35 Senior High School        | June 30, 2024 |
| Alice M. Harte Elementary School      | June 30, 2028 |
| Edna Karr Senior High                 | June 30, 2028 |

***Basis of Accounting***

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

***Basis of Presentation***

InspireNOLA follows the provisions of the Not-For-Profit Entities Topic of Financial Accounting Standards Board Accounting Standards Codification 958, which establishes external financial reporting for not-for-profit organizations which includes classification of resources into two separate classes of net assets, as follows:

- Net assets without donor restrictions – limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors, and others entered into by the organization in the course of its business.
- Net assets with donor restrictions – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2019, net assets with restrictions totaled \$1,025,350.

***Estimates***

The preparation of combining financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

***Cash Equivalents***

For the purpose of the combining statement of cash flows, InspireNOLA considers all unrestricted 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 balances outstanding at year-end. Management closely monitors outstanding balances and writes off any balances that are deemed uncollectible and therefore does not record an allowance for doubtful accounts.

***Property and Equipment***

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  |

For the year ended June 30, 2019, depreciation expense was \$14,113.

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.

***Public Support and Revenue***

InspireNOLA receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and net assets with donor restrictions in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as net assets without donor restrictions.

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.

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Public Support and Revenue (continued)***

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combining statements of activities as net assets released from restrictions.

***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 2015 through 2017 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 2018 Form 990, which is for the fiscal year ended June 30, 2019.

***Change in Accounting Principle***

Effective July 1, 2018, InspireNOLA adopted Accounting Standards Update (ASU) 2016- 14, Not-for-Profit Entities (Topic 958) — Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. InspireNOLA's net assets previously reported as unrestricted are now reported as net assets without donor restrictions and net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions.

**NOTE 2 – CONCENTRATIONS**

InspireNOLA maintains its cash balances at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution for the year ending June 30, 2019. At times during the year, balances may exceed the FDIC insured amount. For the year ended June 30, 2019, InspireNOLA received approximately 98% of its total revenues from Federal and State grantors.

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 – 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 publically 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 26.7% 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 year ended June 30, 2019 were \$7,348,771.

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

InspireNOLA uses a pooled cash account to track interfund receivables and payables. Due to/from pooled cash balances at June 30, 2019 are as follows:

| <u>Due from Pooled Cash</u> | <u>Amount</u>       | <u>Due to Pooled Cash</u> | <u>Amount</u>       |
|-----------------------------|---------------------|---------------------------|---------------------|
| School Support Center       | \$ 316,176          | School Support Center     | \$ 3,852,435        |
| Harte                       | 2,412,494           | Harte                     | 381,365             |
| Karr                        | 4,013,842           | Karr                      | 556,206             |
| Wilson                      | 357,973             | Wilson                    | 380,186             |
| Inspire 42                  | 37,024              | Inspire 42                | 1,054,173           |
| McMain                      | 103,455             | McMain                    | 829,840             |
| Eisenhower                  | 316,961             | Eisenhower                | 427,613             |
| McDonogh 35                 | 31,041              | McDonogh 35               | 107,148             |
|                             | <u>\$ 7,588,966</u> |                           | <u>\$ 7,588,966</u> |

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

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 – INTERFUND TRANSFERS**

InspireNOLA’s transfers in (out) 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 | \$ 6,130,504        | School Support Center | \$ 8,722            |
| Harte                 | 49,503              | Harte                 | 1,219,581           |
| Karr                  | 373,926             | Karr                  | 2,113,553           |
| Wilson                | 39,783              | Wilson                | 869,882             |
| Inspire 42            | 35,507              | Inspire 42            | 516,783             |
| McMain                | 280,524             | McMain                | 1,364,392           |
| Eisenhower            | 41,918              | Eisenhower            | 858,752             |
| McDonogh 35           | 983                 | McDonogh 35           | 983                 |
|                       | <u>\$ 6,952,648</u> |                       | <u>\$ 6,952,648</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.

**NOTE 6 – CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the Federal government. Any disallowed claim, including amounts already collected, may constitute a liability of the applicable funds.

InspireNOLA occupies office space under a lease with the Orleans Parish School Board. The lease was amended to expand the space effective July 1, 2019. The following schedule provides the annual payments due for subsequent years:

|                      |                   |
|----------------------|-------------------|
| June 30, 2020        | \$ 129,644        |
| June 30, 2021        | <u>11,101</u>     |
| Total lease payments | <u>\$ 140,745</u> |

**NOTE 7 – RISK MANAGEMENT**

InspireNOLA is exposed to various risks of loss related to thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, employee health and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes as of June 30, 2019:

|  |                     |
|--|---------------------|
| Project Lead the Way                           | \$ 6,713            |
| Jazz & Heritage In-School Educational Programs | 5,161               |
| Personalized Learning Pilot Grant - NSNO       | 27,896              |
| Charter School Growth Fund                     | 599,509             |
| Youth Force                                    | 74,852              |
| NIET Founder's Award                           | 10,000              |
| Instructional Quality Initiative               | 150,879             |
| Walton - ADE Award                             | 150,340             |
|  | <u>\$ 1,025,350</u> |

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes for the year ended June 30, 2019:

|  |                   |
|--|-------------------|
| Child Nutrition                                | \$ 14,960         |
| Braitmayer Foundation                          | 1,049             |
| Gilder Lehman                                  | 72                |
| Pro Bono Publico                               | 25,000            |
| LASIP Science Summer                           | 1,882             |
| Project Lead the Way                           | 13,287            |
| Jazz & Heritage In-School Educational Programs | 2,893             |
| LAPCS Step Award Grant                         | 3,375             |
| Charter School Growth Fund                     | 20,275            |
| Farm to School - Tides                         | 327               |
| Rosamary Foundation                            | 7,644             |
| GPOA Foundation                                | 850               |
| Discover Brighter Futures Fund                 | 2,215             |
| Youth Force                                    | 27,648            |
| Best Buy                                       | 2,635             |
| Brees Dream Foundation                         | 7,500             |
| The Nature Conservancy                         | 1,000             |
| The Greater New Orleans Foundation             | 2,090             |
| EPA Grant                                      | 1,000             |
| Schwab Foundation                              | 124,655           |
| The Selley Foundation                          | 10,000            |
| PLG- Design Challenge                          | 3,845             |
| Quality Science and Mathematics (QSM)          | 20                |
| Career Dev Funds                               | 20,234            |
| March for Our Lives Action Fund                | 2,680             |
| Instructional Quality Initiative               | 201,021           |
| Broad Center                                   | 15,675            |
| Walton-ADE Award                               | 178,332           |
|  | <u>\$ 692,164</u> |

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

At June 30, 2019, InspireNOLA has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following:

|                           |                            |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 5,695,014               |
| Investments               | 782,371                    |
| Grants receivable         | 3,083,007                  |
| Other receivables         | <u>210,764</u>             |
|                           | <u><u>\$ 9,771,156</u></u> |

None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. 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.

**NOTE 10 – LOANS PAYABLE**

A nonprofit organization has provided three unsecured loans totaling \$325,000 for startup operations of Inspire NOLA’s schools. The loans all bear interest at 1% and principal and accrued interest are payable in full upon maturity. Interest expense totaled \$3,774 for the year ended June 30, 2019. Additional information regarding the loans is as follows:

| <u>Maturity<br/>Date</u> | <u>Original<br/>Amount</u> | <u>Balance</u>           | <u>Interest<br/>Accrued</u> |
|--------------------------|----------------------------|--------------------------|-----------------------------|
| June 17, 2021            | \$ 125,000                 | \$ 125,000               | \$ 5,003                    |
| June 30, 2023            | 100,000                    | 100,000                  | 1,117                       |
| June 28, 2024            | 100,000                    | <u>100,000</u>           | <u>158</u>                  |
| Balance at June 30, 2019 |                            | <u><u>\$ 325,000</u></u> | <u><u>\$ 6,278</u></u>      |

Maturities of loans payable are as follows for the years ended June 30:

|      |                          |
|------|--------------------------|
| 2020 | \$ -                     |
| 2021 | 125,000                  |
| 2022 | -                        |
| 2023 | 100,000                  |
| 2024 | <u>100,000</u>           |
|      | <u><u>\$ 325,000</u></u> |

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 – INVESTMENTS**

Inspire NOLA 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. At June 30, 2019, Inspire NOLA's investment in LAMP totaled \$782,371. Interest income earned for the year ended June 30, 2019 was \$89,040.

**NOTE 12 – FUNCTIONAL EXPENSE**

As required by FASB Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) — Presentation of Financial Statements of Not-for-Profit Entities, Inspire NOLA has presented a combining statement of functional expenses as part of its financial statements. Any costs related to activities that constitute direct conduct or direct supervision of program services are classified as program expenses. Any costs related to administration are functionally classified as supporting service expenses. The financial statements of Inspire NOLA report certain categories of expenses that are attributable to more than one program or supporting function. The costs of providing the various programs and other activities have been summarized on a functional basis in the combining statement of functional expenses. Salaries and employee benefits have been allocated based on time and effort. All other allocated expenses have been allocated based on actual expenses incurred.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 2, 2019.

**InspireNOLA CHARTER SCHOOLS  
 SCHEDULE OF COMPENSATION, BENEFITS,  
 AND OTHER PAYMENTS TO THE AGENCY HEAD  
 FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head Name: Jamar McKneely

Agency Head Name: Jamar McKneely

| <u>Purpose</u>                         | <u>Amount</u>            |
|--|--------------------------|
| Salary                                 | \$ 192,000               |
| Other Compensation                     | 60,397                   |
| Benefits - Employer portion of TRSL    | 65,458                   |
| Car allowance                          | 3,600                    |
| Travel                                 | 3,196                    |
| Benefits - Employer portion of Medical | 6,711                    |
| Benefits - Employer portion of Life    | 1,051                    |
| Benefits - Employer portion of Vision  | 44                       |
| Reimbursements                         | <u>8,660</u>             |
|  | <u><u>\$ 341,117</u></u> |

See the accompanying independent auditor's report.

**InspireNOLA CHARTER SCHOOLS**  
**SUPPLEMENTARY INFORMATION**  
**COMBINING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2019**

|                                   | School<br>Support Center | Harte               | Karr                | Wilson            | Inspire 42         | McMain            | Eisenhower        | McDonogh 35       | Interfund<br>Eliminations | Totals               |
|-----------------------------------|--------------------------|---------------------|---------------------|-------------------|--------------------|-------------------|-------------------|-------------------|---------------------------|----------------------|
| <b>ASSETS</b>                     |                          |                     |                     |                   |                    |                   |                   |                   |                           |                      |
| <b>CURRENT ASSETS</b>             |                          |                     |                     |                   |                    |                   |                   |                   |                           |                      |
| Cash and cash equivalents         | \$ 5,695,014             | \$ -                | \$ -                | \$ -              | \$ -               | \$ -              | \$ -              | \$ -              | \$ -                      | \$ 5,695,014         |
| Investments                       | 782,371                  | -                   | -                   | -                 | -                  | -                 | -                 | -                 | -                         | 782,371              |
| Grants receivable                 | 208,509                  | 455,563             | 660,292             | 431,255           | 327,124            | 442,771           | 464,428           | 93,065            | -                         | 3,083,007            |
| Other receivables                 | 13,046                   | 47,486              | 35,521              | 17,628            | 13,776             | 53,803            | 30,590            | (1,086)           | -                         | 210,764              |
| Due from pooled cash              | 316,176                  | 2,412,494           | 4,013,842           | 357,973           | 37,024             | 103,455           | 316,961           | 31,041            | (7,588,966)               | -                    |
| Prepaid expenses                  | 434,245                  | 11,644              | 18,862              | 9,658             | 8,264              | 7,376             | 6,856             | 5,140             | -                         | 502,045              |
| Deposits                          | -                        | 12,944              | -                   | 22,178            | 19,679             | 24,108            | -                 | -                 | -                         | 78,909               |
| Total Current Assets              | <u>7,449,361</u>         | <u>2,940,131</u>    | <u>4,728,517</u>    | <u>838,692</u>    | <u>405,867</u>     | <u>631,513</u>    | <u>818,835</u>    | <u>128,160</u>    | <u>(7,588,966)</u>        | <u>10,352,110</u>    |
| <b>PROPERTY AND EQUIPMENT</b>     |                          |                     |                     |                   |                    |                   |                   |                   |                           |                      |
| Building and improvements         | -                        | -                   | 114,366             | -                 | -                  | -                 | -                 | -                 | -                         | 114,366              |
| Office equipment                  | 23,216                   | -                   | 32,436              | 7,494             | -                  | -                 | -                 | -                 | -                         | 63,146               |
| Less: accumulated depreciation    | (14,130)                 | -                   | (64,150)            | (5,741)           | -                  | -                 | -                 | -                 | -                         | (84,021)             |
| Total Property and Equipment, Net | <u>9,086</u>             | <u>-</u>            | <u>82,652</u>       | <u>1,753</u>      | <u>-</u>           | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>                  | <u>93,491</u>        |
| Total Assets                      | <u>7,458,447</u>         | <u>2,940,131</u>    | <u>4,811,169</u>    | <u>840,445</u>    | <u>405,867</u>     | <u>631,513</u>    | <u>818,835</u>    | <u>128,160</u>    | <u>(7,588,966)</u>        | <u>10,445,601</u>    |
| <b>LIABILITIES AND NET ASSETS</b> |                          |                     |                     |                   |                    |                   |                   |                   |                           |                      |
| <b>CURRENT LIABILITIES</b>        |                          |                     |                     |                   |                    |                   |                   |                   |                           |                      |
| Accounts payable                  | 478,828                  | 313,505             | 966,739             | 296,486           | 332,818            | 329,336           | 282,918           | 30,350            | -                         | 3,030,980            |
| Accrued expenses                  | 296,765                  | 411,664             | 585,093             | 361,516           | 262,674            | 461,520           | 365,896           | 10,922            | -                         | 2,756,050            |
| Due to pooled cash                | 3,852,435                | 381,365             | 556,206             | 380,186           | 1,054,173          | 829,840           | 427,613           | 107,148           | (7,588,966)               | -                    |
| Total Current Liabilities         | <u>4,628,028</u>         | <u>1,106,534</u>    | <u>2,108,038</u>    | <u>1,038,188</u>  | <u>1,649,665</u>   | <u>1,620,696</u>  | <u>1,076,427</u>  | <u>148,420</u>    | <u>(7,588,966)</u>        | <u>5,787,030</u>     |
| <b>LONG-TERM LIABILITIES</b>      |                          |                     |                     |                   |                    |                   |                   |                   |                           |                      |
| Loans payable                     | 325,000                  | -                   | -                   | -                 | -                  | -                 | -                 | -                 | -                         | 325,000              |
| Total Long-Term Liabilities       | <u>325,000</u>           | <u>-</u>            | <u>-</u>            | <u>-</u>          | <u>-</u>           | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>                  | <u>325,000</u>       |
| Total Liabilities                 | <u>4,953,028</u>         | <u>1,106,534</u>    | <u>2,108,038</u>    | <u>1,038,188</u>  | <u>1,649,665</u>   | <u>1,620,696</u>  | <u>1,076,427</u>  | <u>148,420</u>    | <u>(7,588,966)</u>        | <u>6,112,030</u>     |
| <b>NET ASSETS</b>                 |                          |                     |                     |                   |                    |                   |                   |                   |                           |                      |
| Without donor restrictions        | 1,755,570                | 1,787,032           | 2,606,928           | (208,137)         | (1,278,526)        | (1,046,557)       | \$ (257,829)      | \$ (50,260)       | -                         | 3,308,221            |
| With donor restrictions           | 749,849                  | 46,565              | 96,203              | 10,394            | 34,728             | 57,374            | 237               | 30,000            | -                         | 1,025,350            |
| Total Net Assets                  | <u>2,505,419</u>         | <u>1,833,597</u>    | <u>2,703,131</u>    | <u>(197,743)</u>  | <u>(1,243,798)</u> | <u>(989,183)</u>  | <u>(257,592)</u>  | <u>(20,260)</u>   | <u>-</u>                  | <u>4,333,571</u>     |
| Total Liabilities and Net Assets  | <u>\$ 7,458,447</u>      | <u>\$ 2,940,131</u> | <u>\$ 4,811,169</u> | <u>\$ 840,445</u> | <u>\$ 405,867</u>  | <u>\$ 631,513</u> | <u>\$ 818,835</u> | <u>\$ 128,160</u> | <u>\$ (7,588,966)</u>     | <u>\$ 10,445,601</u> |

See the accompanying independent auditor's report.

**InspireNOLA CHARTER SCHOOLS  
SUPPLEMENTARY INFORMATION  
COMBINING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | School Support Center              |                                 |                     | Harte                              |                                 |                     | Karr                               |                                 |                     |
|---|------------------------------------|---------------------------------|---------------------|------------------------------------|---------------------------------|---------------------|------------------------------------|---------------------------------|---------------------|
|   | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total               | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total               | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total               |
| <b>REVENUES</b>                         |                                    |                                 |                     |                                    |                                 |                     |                                    |                                 |                     |
| State public school funding             | \$ -                               | \$ -                            | \$ -                | \$ 6,970,394                       | \$ -                            | \$ 6,970,394        | \$ 10,379,540                      | \$ -                            | \$ 10,379,540       |
| Federal grants                          | 285,530                            | -                               | 285,530             | 1,413,756                          | -                               | 1,413,756           | 1,968,506                          | -                               | 1,968,506           |
| Other state funding                     | -                                  | -                               | -                   | 216,570                            | -                               | 216,570             | 31,142                             | -                               | 31,142              |
| Donations and contributions             | 59,072                             | 327,975                         | 387,047             | -                                  | 40,000                          | 40,000              | -                                  | 26,074                          | 26,074              |
| Other income                            | 6,336,989                          | -                               | 6,336,989           | 76,378                             | -                               | 76,378              | 432,079                            | 80,382                          | 512,461             |
| Net assets released from restrictions   | 341,617                            | (341,617)                       | -                   | 56,720                             | (56,720)                        | -                   | 90,821                             | (90,821)                        | -                   |
| <b>Total Revenues</b>                   | <b>7,023,208</b>                   | <b>(13,642)</b>                 | <b>7,009,566</b>    | <b>8,733,818</b>                   | <b>(16,720)</b>                 | <b>8,717,098</b>    | <b>12,902,088</b>                  | <b>15,635</b>                   | <b>12,917,723</b>   |
| <b>EXPENSES</b>                         |                                    |                                 |                     |                                    |                                 |                     |                                    |                                 |                     |
| <b>Program services</b>                 |                                    |                                 |                     |                                    |                                 |                     |                                    |                                 |                     |
| Regular educational programs            | -                                  | -                               | -                   | 2,590,310                          | -                               | 2,590,310           | 3,539,694                          | -                               | 3,539,694           |
| Special education programs              | 8,019                              | -                               | 8,019               | 871,403                            | -                               | 871,403             | 936,316                            | -                               | 936,316             |
| Career and technical education programs | -                                  | -                               | -                   | -                                  | -                               | -                   | 560,753                            | -                               | 560,753             |
| Other instructional programs            | 1,604                              | -                               | 1,604               | 425,535                            | -                               | 425,535             | 632,211                            | -                               | 632,211             |
| Special programs                        | 7,074                              | -                               | 7,074               | 496,644                            | -                               | 496,644             | 439,524                            | -                               | 439,524             |
| Pupil support services                  | 543,477                            | -                               | 543,477             | 455,427                            | -                               | 455,427             | 858,891                            | -                               | 858,891             |
| Instructional staff services            | 2,268,899                          | -                               | 2,268,899           | 240,885                            | -                               | 240,885             | 187,587                            | -                               | 187,587             |
| School administration                   | 721,315                            | -                               | 721,315             | 2,070,251                          | -                               | 2,070,251           | 3,421,870                          | -                               | 3,421,870           |
| Student transportation services         | -                                  | -                               | -                   | 445,745                            | -                               | 445,745             | 855,754                            | -                               | 855,754             |
| Operation and maintenance of plant      | 311,729                            | -                               | 311,729             | 711,270                            | -                               | 711,270             | 1,462,126                          | -                               | 1,462,126           |
| Food service operations                 | -                                  | -                               | -                   | 556,445                            | -                               | 556,445             | 578,823                            | -                               | 578,823             |
| <b>Management and general</b>           |                                    |                                 |                     |                                    |                                 |                     |                                    |                                 |                     |
| Business administration                 | 696,252                            | -                               | 696,252             | 110,462                            | -                               | 110,462             | 138,532                            | -                               | 138,532             |
| Central services                        | 953,994                            | -                               | 953,994             | 153,721                            | -                               | 153,721             | 112,205                            | -                               | 112,205             |
| General administration                  | 639,497                            | -                               | 639,497             | 42,531                             | -                               | 42,531              | 56,684                             | -                               | 56,684              |
| <b>Total Expenses</b>                   | <b>6,151,860</b>                   | <b>-</b>                        | <b>6,151,860</b>    | <b>9,170,629</b>                   | <b>-</b>                        | <b>9,170,629</b>    | <b>13,780,970</b>                  | <b>-</b>                        | <b>13,780,970</b>   |
| <b>Change in Net Assets</b>             | <b>871,348</b>                     | <b>(13,642)</b>                 | <b>857,706</b>      | <b>(436,811)</b>                   | <b>(16,720)</b>                 | <b>(453,531)</b>    | <b>(878,882)</b>                   | <b>15,635</b>                   | <b>(863,247)</b>    |
| <b>Net Assets, Beginning of Year</b>    | <b>884,222</b>                     | <b>763,491</b>                  | <b>1,647,713</b>    | <b>2,223,843</b>                   | <b>63,285</b>                   | <b>2,287,128</b>    | <b>3,485,810</b>                   | <b>80,568</b>                   | <b>3,566,378</b>    |
| <b>Net Assets, End of Year</b>          | <b>\$ 1,755,570</b>                | <b>\$ 749,849</b>               | <b>\$ 2,505,419</b> | <b>\$ 1,787,032</b>                | <b>\$ 46,565</b>                | <b>\$ 1,833,597</b> | <b>\$ 2,606,928</b>                | <b>\$ 96,203</b>                | <b>\$ 2,703,131</b> |

See the accompanying independent auditor's report.

**InspireNOLA CHARTER SCHOOLS  
SUPPLEMENTARY INFORMATION  
COMBINING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | Wilson                             |                                 |                     | Inspire 42                         |                                 |                      | McMain                             |                                 |                     |
|---|------------------------------------|---------------------------------|---------------------|------------------------------------|---------------------------------|----------------------|------------------------------------|---------------------------------|---------------------|
|   | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total               | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total                | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total               |
| <b>REVENUES</b>                         |                                    |                                 |                     |                                    |                                 |                      |                                    |                                 |                     |
| State public school funding             | \$ 6,459,079                       | \$ -                            | \$ 6,459,079        | \$ 4,082,049                       | \$ -                            | \$ 4,082,049         | \$ 8,478,905                       | \$ -                            | \$ 8,478,905        |
| Federal grants                          | 1,371,142                          | -                               | 1,371,142           | 1,182,378                          | -                               | 1,182,378            | 1,469,629                          | -                               | 1,469,629           |
| Other state funding                     | 45,971                             | -                               | 45,971              | 30,085                             | -                               | 30,085               | 17,369                             | -                               | 17,369              |
| Donations and contributions             | -                                  | 30,000                          | 30,000              | 69                                 | 30,000                          | 30,069               | 23                                 | 30,000                          | 30,023              |
| Other income                            | 46,665                             | 2,500                           | 49,165              | 40,102                             | 6,375                           | 46,477               | 289,665                            | 67,500                          | 357,165             |
| Net assets released from restrictions   | 37,019                             | (37,019)                        | -                   | 61,044                             | (61,044)                        | -                    | 50,180                             | (50,180)                        | -                   |
| <b>Total Revenues</b>                   | <b>7,959,876</b>                   | <b>(4,519)</b>                  | <b>7,955,357</b>    | <b>5,395,727</b>                   | <b>(24,669)</b>                 | <b>5,371,058</b>     | <b>10,305,771</b>                  | <b>47,320</b>                   | <b>10,353,091</b>   |
| <b>EXPENSES</b>                         |                                    |                                 |                     |                                    |                                 |                      |                                    |                                 |                     |
| <b>Program services</b>                 |                                    |                                 |                     |                                    |                                 |                      |                                    |                                 |                     |
| Regular educational programs            | 2,221,839                          | -                               | 2,221,839           | 1,989,900                          | -                               | 1,989,900            | 2,772,315                          | -                               | 2,772,315           |
| Special education programs              | 542,525                            | -                               | 542,525             | 399,779                            | -                               | 399,779              | 954,008                            | -                               | 954,008             |
| Career and technical education programs | -                                  | -                               | -                   | -                                  | -                               | -                    | 544,551                            | -                               | 544,551             |
| Other instructional programs            | 236,589                            | -                               | 236,589             | 159,644                            | -                               | 159,644              | 619,226                            | -                               | 619,226             |
| Special programs                        | 752,268                            | -                               | 752,268             | 479,296                            | -                               | 479,296              | 415,176                            | -                               | 415,176             |
| Pupil support services                  | 508,852                            | -                               | 508,852             | 285,307                            | -                               | 285,307              | 648,413                            | -                               | 648,413             |
| Instructional staff services            | 146,596                            | -                               | 146,596             | 141,109                            | -                               | 141,109              | 136,076                            | -                               | 136,076             |
| School administration                   | 1,758,613                          | -                               | 1,758,613           | 1,339,245                          | -                               | 1,339,245            | 2,528,936                          | -                               | 2,528,936           |
| Student transportation services         | 635,098                            | -                               | 635,098             | 536,688                            | -                               | 536,688              | 1,022,781                          | -                               | 1,022,781           |
| Operation and maintenance of plant      | 705,640                            | -                               | 705,640             | 845,983                            | -                               | 845,983              | 1,001,659                          | -                               | 1,001,659           |
| Food service operations                 | 403,697                            | -                               | 403,697             | 324,351                            | -                               | 324,351              | 376,385                            | -                               | 376,385             |
| <b>Management and general</b>           |                                    |                                 |                     |                                    |                                 |                      |                                    |                                 |                     |
| Business administration                 | 102,087                            | -                               | 102,087             | 112,478                            | -                               | 112,478              | 149,072                            | -                               | 149,072             |
| Central services                        | 114,892                            | -                               | 114,892             | 60,416                             | -                               | 60,416               | 134,851                            | -                               | 134,851             |
| General administration                  | 42,569                             | -                               | 42,569              | 58                                 | -                               | 58                   | 48,878                             | -                               | 48,878              |
| <b>Total Expenses</b>                   | <b>8,171,265</b>                   | <b>-</b>                        | <b>8,171,265</b>    | <b>6,674,254</b>                   | <b>-</b>                        | <b>6,674,254</b>     | <b>11,352,327</b>                  | <b>-</b>                        | <b>11,352,327</b>   |
| Change in Net Assets                    | (211,389)                          | (4,519)                         | (215,908)           | (1,278,527)                        | (24,669)                        | (1,303,196)          | (1,046,556)                        | 47,320                          | (999,236)           |
| Net Assets, Beginning of Year           | 3,252                              | 14,913                          | 18,165              | 1                                  | 59,397                          | 59,398               | (1)                                | 10,054                          | 10,053              |
| Net Assets, End of Year                 | <b>\$ (208,137)</b>                | <b>\$ 10,394</b>                | <b>\$ (197,743)</b> | <b>\$ (1,278,526)</b>              | <b>\$ 34,728</b>                | <b>\$(1,243,798)</b> | <b>\$ (1,046,557)</b>              | <b>\$ 57,374</b>                | <b>\$ (989,183)</b> |

See the accompanying independent auditor's report.

**InspireNOLA CHARTER SCHOOLS  
SUPPLEMENTARY INFORMATION  
COMBINING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | Eisenhower                         |                                 |                     | McDonogh 35                        |                                 |                    | Interfund<br>Eliminations | Combined<br>Totals  |
|---|------------------------------------|---------------------------------|---------------------|------------------------------------|---------------------------------|--------------------|---------------------------|---------------------|
|   | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total               | Net Assets<br>Without Restrictions | Net Assets<br>With Restrictions | Total              |                           |                     |
| <b>REVENUES</b>                         |                                    |                                 |                     |                                    |                                 |                    |                           |                     |
| State public school funding             |                                    |                                 |                     |                                    |                                 |                    |                           |                     |
| Federal grants                          | \$ 6,384,119                       | \$ -                            | \$ 6,384,119        | -                                  | \$ -                            | \$ -               | \$ -                      | \$ 42,754,086       |
| Other state funding                     | 1,597,451                          | -                               | 1,597,451           | 93,065                             | -                               | 93,065             | -                         | 9,381,457           |
| Donations and contributions             | 12,473                             | -                               | 12,473              | -                                  | -                               | -                  | -                         | 353,610             |
| Other income                            | -                                  | 55,000                          | 55,000              | -                                  | 30,000                          | 30,000             | -                         | 628,213             |
| Net assets released from restrictions   | 53,572                             | -                               | 53,572              | 983                                | -                               | 983                | (6,952,648)               | 480,542             |
| Total Revenues                          | <u>54,763</u>                      | <u>(54,763)</u>                 | <u>-</u>            | <u>-</u>                           | <u>-</u>                        | <u>-</u>           | <u>-</u>                  | <u>-</u>            |
|   | <u>8,102,378</u>                   | <u>237</u>                      | <u>8,102,615</u>    | <u>94,048</u>                      | <u>30,000</u>                   | <u>124,048</u>     | <u>(6,952,648)</u>        | <u>53,597,908</u>   |
| <b>EXPENSES</b>                         |                                    |                                 |                     |                                    |                                 |                    |                           |                     |
| <b>Program services</b>                 |                                    |                                 |                     |                                    |                                 |                    |                           |                     |
| Regular educational programs            |                                    |                                 |                     |                                    |                                 |                    |                           |                     |
| Special education programs              | 2,295,641                          | -                               | 2,295,641           | -                                  | -                               | -                  | -                         | 15,409,699          |
| Career and technical education programs | 690,763                            | -                               | 690,763             | -                                  | -                               | -                  | -                         | 4,402,813           |
| Other instructional programs            | -                                  | -                               | -                   | -                                  | -                               | -                  | -                         | 1,105,304           |
| Special programs                        | 221,805                            | -                               | 221,805             | 983                                | -                               | 983                | -                         | 2,297,597           |
| Pupil support services                  | 663,127                            | -                               | 663,127             | -                                  | -                               | -                  | -                         | 3,253,109           |
| Instructional staff services            | 485,543                            | -                               | 485,543             | 3,068                              | -                               | 3,068              | -                         | 3,788,978           |
| School administration                   | 299,586                            | -                               | 299,586             | 974                                | -                               | 974                | -                         | 3,421,712           |
| Student transportation services         | 1,757,430                          | -                               | 1,757,430           | 94,037                             | -                               | 94,037             | (6,952,648)               | 6,739,049           |
| Operation and maintenance of plant      | 553,219                            | -                               | 553,219             | -                                  | -                               | -                  | -                         | 4,049,285           |
| Food service operations                 | 742,650                            | -                               | 742,650             | 17,503                             | -                               | 17,503             | -                         | 5,798,560           |
| <b>Management and general</b>           | <b>407,254</b>                     | <b>-</b>                        | <b>407,254</b>      | <b>-</b>                           | <b>-</b>                        | <b>-</b>           | <b>-</b>                  | <b>2,646,955</b>    |
| Business administration                 |                                    |                                 |                     |                                    |                                 |                    |                           |                     |
| Central services                        | 70,537                             | -                               | 70,537              | 300                                | -                               | 300                | -                         | 1,379,720           |
| General administration                  | 136,221                            | -                               | 136,221             | 27,443                             | -                               | 27,443             | -                         | 1,693,743           |
| Total Expenses                          | <u>36,431</u>                      | <u>-</u>                        | <u>36,431</u>       | <u>-</u>                           | <u>-</u>                        | <u>-</u>           | <u>-</u>                  | <u>866,648</u>      |
|   | <u>8,360,207</u>                   | <u>-</u>                        | <u>8,360,207</u>    | <u>144,308</u>                     | <u>-</u>                        | <u>144,308</u>     | <u>(6,952,648)</u>        | <u>56,853,172</u>   |
| Change in Net Assets                    | (257,829)                          | 237                             | (257,592)           | (50,260)                           | 30,000                          | (20,260)           | -                         | (3,255,264)         |
| Net Assets, Beginning of Year           | -                                  | -                               | -                   | -                                  | -                               | -                  | -                         | 7,588,835           |
| Net Assets, End of Year                 | <u>\$ (257,829)</u>                | <u>\$ 237</u>                   | <u>\$ (257,592)</u> | <u>\$ (50,260)</u>                 | <u>\$ 30,000</u>                | <u>\$ (20,260)</u> | <u>\$ -</u>               | <u>\$ 4,333,571</u> |

See the accompanying independent auditor's report.

**InspireNOLA CHARTER SCHOOLS  
SUPPLEMENTARY INFORMATION  
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

|                                | School Support Center |                        |                     | Harte               |                        |                     | Karr                 |                        |                      |
|--------------------------------|-----------------------|------------------------|---------------------|---------------------|------------------------|---------------------|----------------------|------------------------|----------------------|
|                                | Instructional         | Management and General | Total               | Instructional       | Management and General | Total               | Instructional        | Management and General | Total                |
| Salaries                       | \$ 2,531,386          | \$ 1,036,509           | \$ 3,567,895        | \$ 3,922,214        | \$ 114,393             | \$ 4,036,607        | \$ 5,683,543         | \$ 101,094             | \$ 5,784,637         |
| Retirement                     | 649,601               | 276,133                | 925,734             | 1,015,869           | 30,399                 | 1,046,268           | 1,493,314            | 26,746                 | 1,520,060            |
| Transportation                 | -                     | -                      | -                   | 445,745             | -                      | 445,745             | 855,754              | -                      | 855,754              |
| Food service management        | -                     | -                      | -                   | 648,219             | -                      | 648,219             | 711,309              | -                      | 711,309              |
| Other employee benefits        | 160,048               | 81,176                 | 241,224             | 397,682             | 14,542                 | 412,224             | 518,912              | 6,190                  | 525,102              |
| Supplies                       | 184,644               | 148,512                | 333,156             | 259,325             | 2,316                  | 261,641             | 340,306              | 2,745                  | 343,051              |
| Professional services          | 82,752                | 251,964                | 334,716             | 208,590             | 34,902                 | 243,492             | 213,989              | 49,191                 | 263,180              |
| Repairs and maintenance        | 19,712                | -                      | 19,712              | 118,491             | 3,916                  | 122,407             | 593,554              | 1,004                  | 594,558              |
| Custodial services             | 794                   | 383                    | 1,177               | 183,235             | -                      | 183,235             | 200,677              | -                      | 200,677              |
| Insurance                      | 24,697                | 32,394                 | 57,091              | 127,138             | 43,168                 | 170,306             | 136,953              | 57,187                 | 194,140              |
| Dues and fees                  | 2,651                 | 45,224                 | 47,875              | 126,218             | 44                     | 126,262             | 192,788              | 64                     | 192,852              |
| Rent                           | 81,477                | 136,162                | 217,639             | 4,720               | 35,291                 | 40,011              | 4,168                | 22,837                 | 27,005               |
| Communications                 | 54,188                | 51,034                 | 105,222             | 61,607              | 5,123                  | 66,730              | 113,334              | 8,708                  | 122,042              |
| Payroll taxes                  | 40,915                | 17,241                 | 58,156              | 67,087              | 1,882                  | 68,969              | 100,651              | 1,852                  | 102,503              |
| Miscellaneous                  | 525                   | 17,294                 | 17,819              | 2,191               | 3,025                  | 5,216               | 93,599               | 11,771                 | 105,370              |
| Seminars and conferences       | 8,085                 | 62,119                 | 70,204              | 7,489               | 9,429                  | 16,918              | 26,120               | 6,184                  | 32,304               |
| Lawn care                      | -                     | -                      | -                   | 15,009              | -                      | 15,009              | 18,393               | -                      | 18,393               |
| Security                       | -                     | -                      | -                   | 13,865              | -                      | 13,865              | 31,191               | -                      | 31,191               |
| Advertising                    | -                     | 55,375                 | 55,375              | -                   | 148                    | 148                 | -                    | 148                    | 148                  |
| Furniture and fixtures         | 7,622                 | -                      | 7,622               | -                   | -                      | -                   | -                    | -                      | -                    |
| Printing and binding           | -                     | 7,367                  | 7,367               | 980                 | 8,136                  | 9,116               | -                    | 11,700                 | 11,700               |
| Legal                          | -                     | 35,447                 | 35,447              | -                   | -                      | -                   | -                    | -                      | -                    |
| Utilities                      | -                     | -                      | -                   | 11,799              | -                      | 11,799              | 14,000               | -                      | 14,000               |
| Disposal                       | -                     | -                      | -                   | 4,091               | -                      | 4,091               | 7,841                | -                      | 7,841                |
| Accounting                     | -                     | 16,775                 | 16,775              | -                   | -                      | -                   | -                    | -                      | -                    |
| Mileage allowance              | 4,120                 | -                      | 4,120               | 2,220               | -                      | 2,220               | 1,535                | -                      | 1,535                |
| Travel                         | 178                   | 8,114                  | 8,292               | -                   | -                      | -                   | 6                    | -                      | 6                    |
| Postage and freight            | -                     | 2,057                  | 2,057               | 550                 | -                      | 550                 | 134                  | -                      | 134                  |
| Interest                       | -                     | 3,774                  | 3,774               | -                   | -                      | -                   | -                    | -                      | -                    |
| Indirect costs/management fees | 8,722                 | -                      | 8,722               | 1,219,581           | -                      | 1,219,581           | 2,113,553            | -                      | 2,113,553            |
| Depreciation                   | -                     | 4,689                  | 4,689               | -                   | -                      | -                   | 7,925                | -                      | 7,925                |
|                                | <u>\$ 3,862,117</u>   | <u>\$ 2,289,743</u>    | <u>\$ 6,151,860</u> | <u>\$ 8,863,915</u> | <u>\$ 306,714</u>      | <u>\$ 9,170,629</u> | <u>\$ 13,473,549</u> | <u>\$ 307,421</u>      | <u>\$ 13,780,970</u> |

See the accompanying independent auditor's report.

**InspireNOLA CHARTER SCHOOLS  
SUPPLEMENTARY INFORMATION  
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

|                                | Wilson              |                        |                     | Inspire 42          |                        |                     | McMain               |                        |                      |
|--------------------------------|---------------------|------------------------|---------------------|---------------------|------------------------|---------------------|----------------------|------------------------|----------------------|
|                                | Instructional       | Management and General | Total               | Instructional       | Management and General | Total               | Instructional        | Management and General | Total                |
| Salaries                       | \$ 3,534,936        | \$ 92,117              | \$ 3,627,053        | \$ 2,800,314        | \$ 24,992              | \$ 2,825,306        | \$ 4,736,764         | \$ 120,486             | \$ 4,857,250         |
| Retirement                     | 909,542             | 24,473                 | 934,015             | 730,356             | 6,631                  | 736,987             | 1,228,783            | 31,636                 | 1,260,419            |
| Transportation                 | 635,098             | -                      | 635,098             | 536,688             | -                      | 536,688             | 1,022,781            | -                      | 1,022,781            |
| Food service management        | 576,327             | -                      | 576,327             | 393,746             | -                      | 393,746             | 530,323              | -                      | 530,323              |
| Other employee benefits        | 326,136             | 10,397                 | 336,533             | 216,729             | 23                     | 216,752             | 389,226              | 12,333                 | 401,559              |
| Supplies                       | 218,914             | 8,192                  | 227,106             | 243,034             | 2,518                  | 245,552             | 390,801              | 4,203                  | 395,004              |
| Professional services          | 193,998             | 43,796                 | 237,794             | 145,106             | 25,969                 | 171,075             | 204,240              | 42,867                 | 247,107              |
| Repairs and maintenance        | 93,018              | -                      | 93,018              | 114,221             | -                      | 114,221             | 206,451              | 2,355                  | 208,806              |
| Custodial services             | 152,928             | -                      | 152,928             | 166,512             | -                      | 166,512             | 205,524              | -                      | 205,524              |
| Insurance                      | 108,947             | 37,268                 | 146,215             | 98,396              | 450                    | 98,846              | 155,409              | 49,087                 | 204,496              |
| Dues and fees                  | 117,317             | 40                     | 117,357             | 73,325              | 27                     | 73,352              | 158,571              | 48                     | 158,619              |
| Rent                           | 1,385               | 26,543                 | 27,928              | 307,982             | 40,055                 | 348,037             | 8,520                | 40,835                 | 49,355               |
| Communications                 | 67,540              | 8,064                  | 75,604              | 58,362              | 4,849                  | 63,211              | 119,612              | 6,067                  | 125,679              |
| Payroll taxes                  | 61,985              | 1,633                  | 63,618              | 53,991              | 421                    | 54,412              | 83,510               | 1,924                  | 85,434               |
| Miscellaneous                  | 3,788               | 632                    | 4,420               | 24,921              | 36,946                 | 61,867              | 144,318              | 10,412                 | 154,730              |
| Seminars and conferences       | 6,868               | 1,394                  | 8,262               | 6,263               | 2,135                  | 8,398               | 9,152                | 4,968                  | 14,120               |
| Lawncare                       | 9,984               | -                      | 9,984               | 1,116               | 12,273                 | 13,389              | 24,036               | -                      | 24,036               |
| Security                       | 14,974              | -                      | 14,974              | 6,500               | -                      | 6,500               | 12,272               | -                      | 12,272               |
| Advertising                    | -                   | 148                    | 148                 | -                   | 1,549                  | 1,549               | -                    | 148                    | 148                  |
| Furniture and fixtures         | -                   | -                      | -                   | 618                 | -                      | 618                 | 13,898               | -                      | 13,898               |
| Printing and binding           | 980                 | 4,851                  | 5,831               | 679                 | 4,327                  | 5,006               | 19                   | 5,432                  | 5,451                |
| Legal                          | -                   | -                      | -                   | -                   | -                      | -                   | -                    | -                      | -                    |
| Utilities                      | -                   | -                      | -                   | -                   | 9,260                  | 9,260               | -                    | -                      | -                    |
| Disposal                       | 4,020               | -                      | 4,020               | 3,707               | -                      | 3,707               | 8,040                | -                      | 8,040                |
| Accounting                     | -                   | -                      | -                   | -                   | -                      | -                   | -                    | -                      | -                    |
| Mileage allowance              | 1,651               | -                      | 1,651               | 1,933               | -                      | 1,933               | 1,784                | -                      | 1,784                |
| Travel                         | -                   | -                      | -                   | 20                  | -                      | 20                  | -                    | -                      | -                    |
| Postage and freight            | -                   | -                      | -                   | -                   | 527                    | 527                 | 1,100                | -                      | 1,100                |
| Interest                       | -                   | -                      | -                   | -                   | -                      | -                   | -                    | -                      | -                    |
| Indirect costs/management fees | 869,882             | -                      | 869,882             | 516,783             | -                      | 516,783             | 1,364,392            | -                      | 1,364,392            |
| Depreciation                   | 1,499               | -                      | 1,499               | -                   | -                      | -                   | -                    | -                      | -                    |
|                                | <u>\$ 7,911,717</u> | <u>\$ 259,548</u>      | <u>\$ 8,171,265</u> | <u>\$ 6,501,302</u> | <u>\$ 172,952</u>      | <u>\$ 6,674,254</u> | <u>\$ 11,019,526</u> | <u>\$ 332,801</u>      | <u>\$ 11,352,327</u> |

See the accompanying independent auditor's report.

**InspireNOLA CHARTER SCHOOLS  
SUPPLEMENTARY INFORMATION  
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

|                                | Eisenhower          |                           |                     | McDonogh 35       |                           |                   | Interfund<br>Eliminations | Combined Totals      |                           |                      |
|--------------------------------|---------------------|---------------------------|---------------------|-------------------|---------------------------|-------------------|---------------------------|----------------------|---------------------------|----------------------|
|                                | Instructional       | Management and<br>General | Total               | Instructional     | Management and<br>General | Total             |                           | Instructional        | Management and<br>General | Total                |
| Salaries                       | \$ 3,612,346        | \$ 88,165                 | \$ 3,700,511        | \$ 62,135         | \$ -                      | \$ 62,135         | \$ -                      | \$ 26,883,638        | \$ 1,577,756              | \$ 28,461,394        |
| Retirement                     | 957,224             | 23,541                    | 980,765             | 16,591            | -                         | 16,591            | -                         | 7,001,280            | 419,559                   | 7,420,839            |
| Transportation                 | 553,219             | -                         | 553,219             | -                 | -                         | -                 | -                         | 4,049,285            | -                         | 4,049,285            |
| Food service management        | 461,742             | -                         | 461,742             | -                 | -                         | -                 | -                         | 3,321,666            | -                         | 3,321,666            |
| Other employee benefits        | 269,322             | 6,512                     | 275,834             | 3,935             | -                         | 3,935             | -                         | 2,281,990            | 131,173                   | 2,413,163            |
| Supplies                       | 441,827             | 4,355                     | 446,182             | 24,883            | 252                       | 25,135            | -                         | 2,103,734            | 173,093                   | 2,276,827            |
| Professional services          | 137,566             | 37,962                    | 175,528             | 5,790             | 17,748                    | 23,538            | -                         | 1,192,031            | 504,399                   | 1,696,430            |
| Repairs and maintenance        | 232,342             | 5,001                     | 237,343             | -                 | -                         | -                 | -                         | 1,377,789            | 12,276                    | 1,390,065            |
| Custodial services             | 168,770             | -                         | 168,770             | -                 | -                         | -                 | -                         | 1,078,440            | 383                       | 1,078,823            |
| Insurance                      | 112,370             | 37,028                    | 149,398             | -                 | -                         | -                 | -                         | 763,910              | 256,582                   | 1,020,492            |
| Dues and fees                  | 115,369             | -                         | 115,369             | -                 | -                         | -                 | -                         | 786,239              | 45,447                    | 831,686              |
| Rent                           | 507                 | 25,659                    | 26,166              | -                 | -                         | -                 | -                         | 408,759              | 327,382                   | 736,141              |
| Communications                 | 64,724              | 5,041                     | 69,765              | 983               | -                         | 983               | -                         | 540,350              | 88,886                    | 629,236              |
| Payroll taxes                  | 69,919              | 1,562                     | 71,481              | 1,265             | -                         | 1,265             | -                         | 479,323              | 26,515                    | 505,838              |
| Miscellaneous                  | -                   | -                         | -                   | -                 | -                         | -                 | -                         | 269,342              | 80,080                    | 349,422              |
| Seminars and conferences       | -                   | 3,444                     | 3,444               | -                 | -                         | -                 | -                         | 63,977               | 89,673                    | 153,650              |
| Lawn care                      | 13,389              | -                         | 13,389              | -                 | -                         | -                 | -                         | 81,927               | 12,273                    | 94,200               |
| Security                       | 8,186               | -                         | 8,186               | -                 | -                         | -                 | -                         | 86,988               | -                         | 86,988               |
| Advertising                    | -                   | 148                       | 148                 | -                 | 9,443                     | 9,443             | -                         | -                    | 67,107                    | 67,107               |
| Furniture and fixtures         | 30,720              | -                         | 30,720              | -                 | -                         | -                 | -                         | 52,858               | -                         | 52,858               |
| Printing and binding           | 975                 | 4,771                     | 5,746               | -                 | 300                       | 300               | -                         | 3,633                | 46,884                    | 50,517               |
| Legal                          | -                   | -                         | -                   | -                 | -                         | -                 | -                         | -                    | 35,447                    | 35,447               |
| Utilities                      | -                   | -                         | -                   | -                 | -                         | -                 | -                         | 25,799               | 9,260                     | 35,059               |
| Disposal                       | 5,833               | -                         | 5,833               | -                 | -                         | -                 | -                         | 33,532               | -                         | 33,532               |
| Accounting                     | -                   | -                         | -                   | -                 | -                         | -                 | -                         | -                    | 16,775                    | 16,775               |
| Mileage allowance              | 1,636               | -                         | 1,636               | -                 | -                         | -                 | -                         | 14,879               | -                         | 14,879               |
| Travel                         | -                   | -                         | -                   | -                 | -                         | -                 | -                         | 204                  | 8,114                     | 8,318                |
| Postage and freight            | 280                 | -                         | 280                 | -                 | -                         | -                 | -                         | 2,064                | 2,584                     | 4,648                |
| Interest                       | -                   | -                         | -                   | -                 | -                         | -                 | -                         | -                    | 3,774                     | 3,774                |
| Indirect costs/management fees | 858,752             | -                         | 858,752             | 983               | -                         | 983               | (6,952,648)               | -                    | -                         | -                    |
| Depreciation                   | -                   | -                         | -                   | -                 | -                         | -                 | -                         | 9,424                | 4,689                     | 14,113               |
|                                | <u>\$ 8,117,018</u> | <u>\$ 243,189</u>         | <u>\$ 8,360,207</u> | <u>\$ 116,565</u> | <u>\$ 27,743</u>          | <u>\$ 144,308</u> | <u>\$ (6,952,648)</u>     | <u>\$ 52,913,061</u> | <u>\$ 3,940,111</u>       | <u>\$ 56,853,172</u> |

See the accompanying independent auditor's report.



**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***

December 2, 2019

Board of Directors of  
InspireNOLA Charter Schools

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 Standard* issued by the Comptroller General of the United States, the combining financial statements of InspireNOLA Charter Schools ("InspireNOLA"), as of and for the year ended June 30, 2019, and the related notes to the combining financial statements, and have issued our report thereon dated December 2, 2019.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether InspireNOLA's combining financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hienz & Macaluso, LLC*

Metairie, LA

**SINGLE AUDIT SECTION**



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

December 2, 2019

Board of Directors of  
InspireNOLA Charter Schools

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

We have audited InspireNOLA Charter Schools' ("InspireNOLA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the InspireNOLA's major federal programs for the year ended June 30, 2019. InspireNOLA's major federal programs are identified in the summary of auditor's 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of InspireNOLA'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'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's compliance.

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

In our opinion, InspireNOLA, 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, 2019.

## Report on Internal Control over Compliance

Management of InspireNOLA, 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'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'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.

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.

*Hienz & Macaluso, LLC*

Metairie, LA

**InspireNOLA CHARTER SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>     | <u>Federal<br/>CFDA<br/>Number</u> | <u>Disbursements/<br/>Expenditures</u> |
|---|------------------------------------|--|
| <u>U.S. Department of Education</u>                           |                                    |  |
| Passed-Through Teacher Incentive Fund:                        |                                    |  |
| Teacher and School Leader Incentive Grants                    | 84.374                             | \$ 204,687                             |
| Passed-Through State Department of Education:                 |                                    |  |
| ESEA of 1965, Title I, Part A                                 | 84.010                             | 2,637,931 <sup>1</sup>                 |
| <u>Special Education Cluster</u>                              |                                    |  |
| IDEA, Part B  | 84.027                             | 1,005,176                              |
| Special Education Pre-School Grants                           | 84.173                             | 10,994                                 |
| Total Special Education Cluster                               |                                    | 1,016,170                              |
| ESEA of 1965, Title II, Part A                                | 84.367                             | 302,845 <sup>1</sup>                   |
| Improving Teacher Quality State Grants                        | 84.377                             | 132,287                                |
| School Climate Transformation                                 | 84.184                             | 210,857                                |
| Career and Technical Education - Basic Grants to States       | 84.048                             | 80,522                                 |
| English Language Acquisition State Grants                     | 84.365                             | 24,534                                 |
| Striving Readers/Comprehensive Literacy Development           | 84.371                             | 257,820                                |
| Student Support and Academic Enrichment Program               | 84.424                             | 117,862                                |
| Charter Schools   | 84.282                             | 1,100,008                              |
| Gaining Early Awareness and Readiness for Undergraduate       | 84.334                             | 38,792                                 |
| TOTAL U.S. DEPARTMENT OF EDUCATION                            |                                    | 6,124,315                              |
| <u>U.S. Department of Agriculture</u>                         |                                    |  |
| Passed-Through State Department of Agriculture:               |                                    |  |
| National School Lunch Program                                 |                                    |  |
| Free and Reduced Price Meals                                  | 10.555                             | 3,220,918                              |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE                          |                                    | 3,220,918                              |
| <u>U.S. Department of Health and Human Services</u>           |                                    |  |
| Passed-Through State Department of Health and Human Services: |                                    |  |
| LA 4 - TANF   | 93.558                             | 399,387                                |
| TOTAL U.S. DEPARTMENT OF HEALTH<br>AND HUMAN SERVICES         |                                    | 399,387                                |
| TOTAL ASSISTANCE  |                                    | \$ 9,744,620                           |

<sup>1</sup> Major Program

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**InspireNOLA CHARTER SCHOOLS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**JUNE 30, 2019**

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of InspireNOLA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. ACCRUED AND DEFERRED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by InspireNOLA. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and the end of the year.

3. PAYMENTS TO SUBRECIPIENTS

There were no payments to subrecipients for the year ended June 30, 2019.

**InspireNOLA CHARTER SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2019**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the combining financial statements of InspireNOLA Charter Schools.
2. No control deficiencies relating to the audit of the combining financial statements are reported in the *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*.
3. No instances of noncompliance material to the combining financial statements were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Award Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance with requirements applicable to major federal award programs for InspireNOLA Charter Schools expresses an unmodified opinion.
6. The auditors' report disclosed no findings that were required to be reported in accordance with the Uniform Guidance.
7. A management letter was not issued for the year ended June 30, 2019.
8. The programs tested as major programs were:

|   | <u>CFDA No.</u> |
|---|-----------------|
| Title I Grants to Local Educational Agencies  | 84.010          |
| Supporting Effective Instruction State Grants | 84.367          |
9. The threshold for distinguishing between type A and type B programs was \$750,000.
10. InspireNOLA Charter Schools was determined to be a low-risk auditee.

**InspireNOLA CHARTER SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**JUNE 30, 2019**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings required to be reported in this section.

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

There were no findings required to be reported in this section.

**InspireNOLA CHARTER SCHOOLS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

Not applicable.

**B. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

Not applicable

**C. MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

## **PERFORMANCE STATISTICAL DATA**



**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

December 2, 2019

To the Board of Directors of InspireNOLA Charter Schools and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by InspireNOLA Charter Schools; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of InspireNOLA Charter Schools for the fiscal year ended June 30, 2019; and 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. Management of InspireNOLA Charter Schools is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**PROCEDURES AND FINDINGS**

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

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

We reviewed the supporting documentation for the selected transactions and determined that they were classified correctly and reported in the proper amounts on the appropriate schedule.

**Class Size Characteristics (Schedule 2)**

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

No differences were noted.

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

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

No differences were noted.

**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 prepared 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 individuals' salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

No differences were noted.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of InspireNOLA Charter Schools, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA



**INSPIRE NOLA CHARTER SCHOOLS**  
**New Orleans, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2018**

| School Type                      | Class Size Range |        |         |        |         |        |         |        |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
|                                  | 1 - 20           |        | 21 - 26 |        | 27 - 33 |        | 34+     |        |
|                                  | Percent          | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary                       | 34%              | 162    | 42%     | 199    | 25%     | 118    | 0%      | 0      |
| Elementary Activity Classes      | 8%               | 1      | 42%     | 5      | 8%      | 1      | 42%     | 5      |
| Middle/Jr. High                  |                  |        |         |        |         |        |         |        |
| Middle/Jr. High Activity Classes |                  |        |         |        |         |        |         |        |
| High                             | 42%              | 325    | 32%     | 244    | 25%     | 191    | 1%      | 10     |
| High Activity Classes            | 72%              | 57     | 10%     | 8      | 10%     | 8      | 8%      | 6      |
| Combination                      |                  |        |         |        |         |        |         |        |
| Combination Activity Classes     |                  |        |         |        |         |        |         |        |

See Independent Accountant report on Agreed-Upon Procedures.