

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2018**

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Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Education Explosion, Inc.
d/b/a **Impact Charter Elementary School**
Baker, LA

Report on the Financial Statements

I have audited the accompanying financial statements of **Education Explosion, Inc.** d/b/a **Impact Charter Elementary School** (a nonprofit organization), as of and for the year ended June 30, 2018. These financial statements comprised the Statement of Financial Position and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with *Accounting Principles Generally Accepted* in the United States of America; 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with *Auditing Standards Generally Accepted* in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I express no such opinion. An audit 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** (a nonprofit organization), as of June 30, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with *Accounting Principles Generally Accepted* in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

The Performance and Statistical Data on pages 24 to 26, are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. I have applied certain limited procedures, which are described in the Independent Accountant's Report on applying Agree-Upon Procedures. However, I did not audit this information and, accordingly express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 14, 2018, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements, and other matters. The purpose of that report is to describe the scope of my 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 the School's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'T. Mitchel', with a large, stylized flourish extending to the right.

Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
Shreveport, LA
December 14, 2018

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

Assets	
Cash and cash equivalents	\$ 2,128,743
Grants receivable	113,315
Inter-fund Receivable	89,250
Prepaid Expenses	<u>12,459</u>
Total Assets	<u><u>2,343,767</u></u>
Liabilities and Net Assets	
Accounts Payable	51,557
Inter-fund Payables	89,250
Accrued Payroll Liabilities	<u>88,579</u>
Total Liabilities	229,386
Net Assets	
Net Assets with Donor Restrictions	<u>2,114,381</u>
Total Net Assets	<u>2,114,381</u>
Total Liabilities and Net assets	\$ <u><u>2,343,767</u></u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2018

Increase in net assets	
Revenue from Local Sources	
Local Minimum Foundation Program	\$ 2,127,290
Uniform Sales	295
Before/After Care	
Fundraising	9,482
Contributions and donations	
Medicaid Reimbursement	4,814
Early Childhood	104,824
Other	3,600
Total Local Revenues	<u>2,250,305</u>
Revenues from State Sources	
State Minimum Foundation Program	1,897,687
Food Service-MFP	3,006
TAP-8G	12,000
Professional Improvement Program (PIP)	4,211
Education Excellence Fund (EEF)	7,324
Other	10,241
Total Revenue State Sources	<u>1,934,469</u>
Revenue from Federal Sources	
School Food Service	292,034
IDEA Part B	58,811
IDEA Preschool	1,304
Title I	163,620
Title II Part A	27,552
School Redesign	9,989
Indirect Cost Paid	10,664
Total Revenue Federal Sources	<u>563,974</u>
Total Increase in Net Assets	<u>4,748,748</u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2018

(Statement of Activities continued)

Decrease in net assets		
Program Services		
Regular program expenditures		1,439,816
Special education expenditures		72,264
Other instructional programs		81,007
Special Programs		265,640
Pupil support services		155,002
Instructional staff services		135,831
School administration		496,854
Operation and maintenance of plant services		157,045
Student transportation services		281,750
Food service operations		289,395
Indirect Cost Paid		10,664
Management and general		
Business services		65,857
General administration		123,076
Central services		51
Facility Acquisition & Construction		
Building Rental		384,998
Land Improvements		3,380
Total decrease in net assets	\$	<u>3,962,630</u>
Change in net assets	\$	786,118
Net assets, July 1, 2017		1,333,525
Prior Period Adjustment		(5,262)
Net assets, June 30, 2018	\$	<u><u>2,114,381</u></u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
JUNE 30, 2018

		<u>General Fund</u>
Program Services		
Regular program expenditures	\$	1,439,816
Special education expenditures		71,010
Other instructional programs		81,007
Special Programs		99,265
Pupil support services		155,002
Instructional staff services		52,848
School administration		496,854
Operation and maintenance of plant services		157,045
Student transportation services		281,750
Food service operations		-
Indirect Cost Paid		-
Management and general		-
Business services		65,857
General administration		123,076
Central services		51
Facility Acquisition & Construction		-
Building Rental		384,998
Land Improvements		3,380
	\$	<u><u>3,411,959</u></u>

(Continued on page 8)

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
JUNE 30, 2018

	<u>10 - IDEA Preschool</u>	<u>Title II</u>	<u>IDEA Fund</u>	<u>Title I Fund</u>	<u>School Redesign</u>	<u>School Food Service Fund</u>	<u>Total Special Revenue Fund</u>	<u>TOTAL</u>
Program Services								
Regular program expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,439,816
Special education expenditures	1,254	-	-	-	-	-	1,254	72,264
Other instructional programs	-	-	-	-	-	-	-	81,007
Special Programs	-	-	-	156,808	9,567	-	166,375	265,640
Pupil support services	-	-	-	-	-	-	-	155,002
Instructional staff services	-	26,387	56,596	-	-	-	82,983	135,831
School administration	-	-	-	-	-	-	-	496,854
Operation and maintenance of plant services	-	-	-	-	-	-	-	157,045
Student transportation services	-	-	-	-	-	-	-	281,750
Food service operations	-	-	-	-	-	289,395	289,395	289,395
Indirect Cost Paid	50	1,165	2,215	6,812	422	-	10,664	10,664
Management and general	-	-	-	-	-	-	-	-
Business services	-	-	-	-	-	-	-	65,857
General administration	-	-	-	-	-	-	-	123,076
Central services	-	-	-	-	-	-	-	51
Facility Acquisition & Construction	-	-	-	-	-	-	-	-
Building Rental	-	-	-	-	-	-	-	384,998
Land Improvements	-	-	-	-	-	-	-	3,380
	<u>\$ 1,304</u>	<u>\$ 27,552</u>	<u>\$ 58,811</u>	<u>\$ 163,620</u>	<u>\$ 9,989</u>	<u>\$ 289,395</u>	<u>\$ 550,671</u>	<u>\$ 3,962,630</u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in unrestricted net assets	\$ 786,118
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities	
Decrease in Receivables	182,215
Decrease in Inter-fund Receivables	150,457
Increase in Prepaid Expenses	(7,983)
Decrease in accounts payable	(751)
Decrease in Credit Card Payable	(5,465)
Decrease in Inter-fund Payables	(150,457)
Increase in Accrued Payroll Liabilities	(15,152)
Decrease in Payroll Deductions Payable	10,541
Net cash provided by operating activities	<u>949,523</u>
Cash and cash equivalents, beginning of year	<u>1,179,220</u>
Cash and cash equivalents, end of year	<u>\$ 2,128,743</u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

NOTE A: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Education Explosion, Inc. d/b/a Impact Charter Elementary School (ICE) was incorporated on November 9, 2009, under the laws of the State of Louisiana, as a not-for-profit corporation.

Education Explosion, Inc. d/b/a Impact Charter Elementary School provides educational services, primarily in the target area of East Baton Rouge Parish, for the grades Pre-Kindergarten through the Fourth grade. The School is located at 4815 Lavey Lane, Baker, Louisiana. The Board of Directors is the intermediate authority and it consists of five members with the majority of the members domiciled in East Baton Rouge Parish. The members of the Board of Directors are appointed based on recommendations from the community and by the other members of the Board. The Charter School has a director who oversees and manages the daily operations of the School.

Education Explosion, Inc. d/b/a Impact Charter Elementary School operates under a charter school contract with the Louisiana State Board of Elementary Education (BESE), as a Type 2 public charter school. Under the contract, the school receives its Minimum Foundation Program (MFP) distributions through the Louisiana State Board of Elementary Education. The current contract commenced on July 1, 2014 and terminated on June 30, 2018. The Board of Elementary and Secondary Education (BESE) extended the contract, in their official meeting, dated December 12, 2017, through the extended term of the contract ending June 30, 2019.

Basis of Presentation

Under the Financial Accounting Standards Board (FASB) ASC 958-205, Education Explosion, Inc. d/b/a Impact Charter Elementary School recognizes MFP Funding received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value. At June 30, 2018, Education Explosion, Inc. d/b/a Impact Charter Elementary School received no promises to give.

Adoption of FASB ASC 958-10-65-1 was made in the current fiscal year, accordingly, net assets of the School and changes therein, may be classified and reported as follows, as financial circumstances require:

Net assets without donor restrictions – These are net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the governing board of the school for specific purposes.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization is also exempt from Louisiana state income taxes.

The Organization has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. Management evaluated the Organization's tax positions and concluded that they had taken no uncertain tax positions that required adjustments to the financial statements to comply with the provisions of this guidance.

Receivables

The receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for bad debts, as management believes all remaining receivables are fully collectible.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising costs are charged to programs in the period in which the advertisement is placed. The Organization had \$4,661 in advertising costs for the period July 1, 2017 through June 30, 2018.

Compensated Absences

If an employee resigns, the employee will be paid for all annual leave time at a rate of \$7.50 per hour, only if a minimum of three years' service has been established. However, payments for earned leave may not exceed two days salary and no employee will be paid for annual leave upon termination prior to three years employment. Employees, who are terminated, may not receive any pay for earned annual leave.

Budgetary Data

Education Explosion, Inc. d/b/a Impact Charter Elementary School formally adopts a budget. The budgetary data are submitted to BESE for approval.

NOTE B: CASH IN BANK- CREDIT RISK

Financial instruments that potentially subject Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc. to credit risk consist principally of cash at financial institutions. Demand deposits, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances in the cash accounts in excess of FDIC insurance limits are insured by the Dodd-Frank Deposit Insurance Provision. At June 30, 2018 combined deposits totaled \$2,128,743 which exceeded FDIC limits; however, the Organization feels that it is not exposed to significant credit risk on its cash balances.

NOTE C: RETIREMENT PLAN

All full-time employees of Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc. are eligible to participate in Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc.'s 401(k) Contribution Plan. Covered employees may elect to contribute a portion of their salaries to the plan. Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc.'s matching contribution to the Plan is 100% of the participant's contribution up to 3% of employee's annual salary. Ice made contributions of \$7,434 to the Plan for the year ended June 30, 2018.

NOTE D: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services in the accompanying Statement of Activities.

NOTE E: OPERATING LEASES

Management entered into three operating leases for the rental of furniture and equipment. The leases were initiated on September 14, 2014, October 9, 2014, and December 22, 2014. The terms of the leases were for 39, 24, and 36 months respectively. Total rents paid for the year ending June 30, 2018 were \$76,327. These leases expired prior to the end of the fiscal year, however, because management did not provide in writing the intention of maintaining the lease option or termination, the leases continued on a month to month basis. There is no obligation as to future commitments.

NOTE F: GRANTS RECEIVABLE

At **June 30, 2018**, grants receivable consist of amounts due from the following sources:

<u>Federal</u>	
IDEA Part B	\$ 17,307

IDEA Pre-School	1,304
Title II	19,987
Title I	51,559
Professional Improvement Program	2,105
Early Childhood	11,064
School Redesign	9,989
Total Federal	\$ <u>113,315</u>

NOTE G: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been determined utilizing available market information and appropriate valuation methodologies. The School considers the carrying amounts of cash to approximate fair value.

NOTE H: PER DIEM TO BOARD OF DIRECTORS

During the year ended **June 30, 2018**, no board member received per diem in his or her capacity as Director.

NOTE I: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2018, accounts payable consisted of the following:

Vendors	\$ 42,984
Credit Card Payable	9,324
Total Accounts Payable	<u>51,557</u>

At June 30, 2018, accrued expenses consisted of the following:

Accrued Salaries & Benefits	\$ 85,838
Accrued Payroll Deductions	2,741
Total	\$ <u>88,579</u>

NOTE J: CONCENTRATION OF REVENUE SOURCE

Education Explosion, Inc. d/b/a Impact Charter Elementary School's primary sources of funding is provided from the Minimum Foundation Program (MFP), provided by the State of Louisiana to all public school systems in Louisiana. The funding is based on October 1st and February 1st student count and various direct grants from federal and state agencies. If the amount of the MFP and grants received fall below the expected student count and contract levels, respectively, the School's operating results could be adversely affected.

NOTE K: CONTINGENCIES AND COMMITMENTS

Education Explosion, Inc. d/b/a Impact Charter Elementary School is a recipient of funding from the State of Louisiana's Minimum Foundation Program. This funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is

under the control and administration of Education Explosion, Inc. d/b/a Impact Elementary Charter School, and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms; conditions and regulations of the funding sources may be subject to recapture.

NOTE L: SCHOOL FACILITIES

Education Explosion dba Impact Charter Elementary School entered into a sub-lease effective as of April 30, 2014 with ICE Project Development, LLC, a Utah limited liability company. The registered agent of ICE Project Development, LLC is Highmark School Development (a charter school developer that seeks to facilitate the development of modern, efficient, and functional charter school facilities across the nation). The entities are not related parties.

The sub-leased property is a parcel of land together with an approximately 35,000 square foot building inclusive of all buildings, fixtures, and other improvements for the purpose of operating a charter school for 480 students. The prime lessor is Education Capital Solutions, LLC, a Delaware limited liability company.

Under the terms of the sub-lease, Education Explosion, Inc. dba Impact Charter Elementary School is responsible for providing all furnishings and personal property necessary for the operation of the charter school, including desks, office furniture, tables, chairs, and other items. The School shall also pay all taxes, insurance, utilities, and services, including garbage, maintenance, and janitorial services.

Under the terms of the sub-lease, the School shall pay an annual rent equal to ten percent (10%) of the total development cost of the prime lessor (as described in the prime lease) on the first day of each month and every calendar month during the lease term. The terms also include an annual increase of three percent (3%) of the previous lease payment. The School has exercised its option to renew to lease the facilities for an additional term of five years.

The total rental payments made under the lease for the year ended June 30, 2018 was \$730,398. Estimated futures scheduled rental payments under the terms of the sub-lease for the next five years and thereafter are as follows:

June 30	
2019	806,290
2020	830,479
2021	855,393
2022	881,055
2023	907,487
	<u>4,280,704</u>
\$	<u>4,280,704</u>

NOTE L: SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements Subsequent events have been evaluated through December 14, 2018 , the date the financial statements were available for issuance.

Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation

**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**

To The Board of Directors
Education Explosion, Inc.
d/b/a Impact Charter Elementary School
Baker, LA

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Education Explosion, Inc. dba Impact Charter Elementary School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Education Explosion, Inc. dba Impact Charter Elementary School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Education Explosion, Inc. dba Impact Charter Elementary School's internal control. Accordingly, I do not express an opinion on the effectiveness of Education Explosion dba Impact Charter Elementary School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Education Explosion, Inc. d/b/a Impact Charter Elementary School's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
Shreveport, LA
December 14, 2018

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

Schedule of Findings and Questions Cost
For the Year Ended
June 30, 2018

Section I – Summary of Auditor’s Report

Financial Statements

Type of auditor’s report issued	Unmodified		
Internal Control over financial reporting			
Material weaknesses identified	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No
Significant deficiencies identified	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No

Federal Awards – N/A

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

Summary Schedule of Prior Audit Findings
For the Year Ended
June 30, 2017

NONE

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
FOR THE YEAR ENDED
JUNE 30, 2018

**Schedule of Compensation, Benefits and
Other Payments to
Agency Head or Chief Executive Officer**

Agency Head: Chakesha Scott, CEO

Purpose	Amount
Salary	\$149,021
Benefits-Insurance	\$18,984
Benefits-Retirement	\$3,785
Benefits (Other)	\$12,207
Car Allowance	
Vehicle provide by government	
Per Diem	
Reimbursements	
Travel	\$12,440
Registration Fees	
Conference Travel	
Continuing professional education fees	
Housing	
unvouchered expenses	\$305
Special meals	\$5,153

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

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

**To the Board of Directors
Education Explosion, Inc.
d/b/a Impact Charter Elementary School
Baker, LA**

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which I am agreed to by the management of Education Explosion, Inc. d/b/a Impact Charter Elementary School and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Education Explosion, Inc. d/b/a Impact Charter Elementary School, 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. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

1. I selected a random sample of **25** transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Finding: None

Class Size Characteristics (Schedule 6)

2. I obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Finding: None

I was 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, I do not express such an opinion. Had I 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, Board of Directors, the Louisiana Legislative Auditors, the Louisiana Department of Education, and the East Baton Rouge Parish School Board, 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.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
Shreveport, LA
December 14, 2018

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)
FOR THE YEAR ENDED JUNE 30, 2018

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

See independent accountants' report on applying agreed upon procedures

**EDUCATION EXPLOSION, INC d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL**

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES-SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2018**

General fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$	661,105	
Other Instructional Staff Activities		51,008	
Instructional Staff Employee Benefits		98,381	
Purchased Professional and Technical Services		71,037	
Instructional Materials and Supplies		95,149	
Instructional Equipment			

Total Teacher and Student Interaction Activities			976,680
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Other Instructional Activities	591,941	591,941
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Pupil Support Activities	221,237	
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Less: Equipment for Pupil Support Activities	0	
--	---	--

Net Pupil Support Activities	221,237	221,237
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Instructional Staff Services	0	
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Less: Equipment for Instructional Staff Services	-	
--	---	--

Net Instructional Staff Services	0	0
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School Administration	1,089,033	
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Less: Equipment for School Administration	-	
---	---	--

Net School Administration	1,089,033	1,089,033
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Total General Fund Instructional Expenditures	\$	2,878,891
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Total General Fund Equipment Expenditures	\$	7,229
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Certain Local Revenue Sources

Local Tax Revenue

Constitutional Ad Valorem Taxes	-
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Renewable Ad Valorem Tax	-
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Debt Service Ad Valorem Tax	-
-----------------------------	---

Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes	-
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Sales and Use Taxes	-
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Total Local Taxation Revenue	-
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Local Earnings on Investments in Real Property

Earnings from the 16th Section Property	
---	--

Earnings from Other Real Property	
-----------------------------------	--

See independent accountants' report on applying agreed upon procedures

Total Local Earnings on Investment in Real Property

State Revenue in Lieu of Taxes	-
Revenue Sharing-Constitutional Tax	-
Revenue Sharing-Other Taxes	-
Revenue Sharing-Excess Portion	-
Other Revenue in Lieu of Taxes	-
<hr/>	
Total State Revenue in Lieu of Taxes	-
<hr/>	
Nonpublic Textbook Revenue	-
<hr/>	
Nonpublic Transportation Revenue	-
<hr/>	

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC

d/b/a

IMPACT CHARTER ELEMENTARY SCHOOL

CLASS SIZE CHARACTERISTICS –SCHEDULE 6

AS OF OCTOBER 1, 2016

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	9%	37	91%	357	0%	0		
Elementary Activity Classes	19%	29	61%	95	21%	32		
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

See independent accountants' report on applying agreed upon procedures

Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation

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

To the Board of Directors of
Education Explosion, Inc.
d/b/a Impact Charter Elementary School
and the Louisiana Legislative Auditor
Baker, Louisiana

I have performed the procedures enumerated below, which were agreed to by the management of Education Explosion, Inc., d/b/a Impact Charter Elementary School and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described 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:

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

I have obtained a listing of travel and related expense reimbursements.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The policy does not list the rates to be applied to travel, nor does the policy cite the use of GSA rates to be applied to travel.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The Organization has written travel policies, however, the policies do not refer to the use of travel rates as indicated in the Louisiana Travel Guide or the GSA rates. Comparison with GSA travel, indicate that documentation agrees to or were below GSA rates. I have recommended that the policies be revised to refer to the use of GSA or Louisiana travel rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
Shreveport, Louisiana
December 14, 2018