

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

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2020**

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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), which comprise of the statement of financial position as of June 30, 2020, and the related 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 financial statements in accordance 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 of 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 the standards applicable to financial audits contained in *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 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.

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, 2020, and the related 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.

### **Other Matters**

#### Supplemental and 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.

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 28 to 31, 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 March 19, 2021, 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 solely 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.



**Talmadge E. Mitchel**  
**Certified Public Accountant**  
**A Professional Corporation**  
**Shreveport, LA**  
**March 19, 2021**

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

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

Assets	
Current Assets	
Cash	\$ 2,332,679
Accounts Receivable	72,279
Interfund Accounts Receivable	64,410
Prepaid Expenses	29,923
Accounts Payable OverPayment	72,202
Total Current Assets	<u>2,571,493</u>
Property and Equipment	
Building and Bldg Improvements	277,863
Machinery and Equipment	24,550
Accumulated Depreciation	(13,472)
Net Property and Equipment	<u>288,941</u>
Total Assets	<u>\$ 2,860,434</u>
Liabilities and Net Assets	
Liabilities	
Current Liabilities	
Accounts Payable-Credit Card	\$ 2,272
Interfund Accounts Payable	64,410
Accrued Salaries and Benefits Payable	101,751
Payroll Deductions Payable	2,571
Total Current Liabilities	<u>171,004</u>
Total Liabilities	<u>171,004</u>
Net Assets	
Net Assets with donor restrictions	<u>2,689,430</u>
Total Net Assets	<u>2,689,430</u>
Total Liabilities and Net Assets	<u>\$ 2,860,434</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, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Increase in Net Assets			
Minimum Foundation Program	\$ 4,477,949	\$ -	\$ 4,477,949
Revenue from Federal Sources	673,819	-	673,819
Other Sources of Funds	13,296	-	13,296
<b>Total Increase in Net Assets</b>	<b>5,165,064</b>	<b>-</b>	<b>5,165,064</b>
Decrease in Net Assets			
Program Services			
General Fund	3,255,597		3,255,597
Special Education	781,115		781,115
Supporting Services			
Management and General	763,280		763,280
<b>Total Decrease in Net Assets</b>	<b>4,799,992</b>	<b>-</b>	<b>4,799,992</b>
Change in net assets	365,072	-	365,072
Net Asset June 30, 2019	2,324,358	-	2,324,358
<b>Net Assets June 30, 2020</b>	<b>\$ 2,689,430</b>	<b>\$ -</b>	<b>\$ 2,689,430</b>

**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, 2020**

	Program Services			Supporting Services	
	General Fund	Total Special Education Fund	Total Program Services	Management and General	Total Expenses
Expenditures					
Regular Programs	\$ 1,538,412	\$ -	\$ 1,538,412	\$ -	\$ 1,538,412
Special Education Programs	-	164,158	164,158	-	164,158
Career & Technical Education Expenditures	7,908	-	7,908	-	7,908
Other Instructional Programs	87,850	-	87,850	-	87,850
Special Programs		324,117	324,117	-	324,117
Pupil Support Services	125,170		125,170	-	125,170
Instructional Staff Services	185,259		185,259	-	185,259
General Administration	-	-	-	111,143	111,143
School Administration	-	-	-	586,993	586,993
Business Services	-	-	-	65,144	65,144
Maintenance of Plant Services	315,477	-	315,477	-	315,477
Student Transportation	208,850	-	208,850	-	208,850
Central Services	564	-	564	-	564
Food Services	-	279,544	279,544	-	279,544
Facility Acquisition and Construction	784,107	-	784,107	-	784,107
Other Uses of Funds	2,000	13,296	15,296	-	15,296
<b>Total Expenditures</b>	<b>\$ 3,255,597</b>	<b>\$ 781,115</b>	<b>\$ 4,036,712</b>	<b>\$ 763,280</b>	<b>\$ 4,799,992</b>

**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, 2020**

**OPERATING ACTIVITIES**

Net Revenue	\$ 365,072
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Depreciation Expense	9,530
Accounts Receivable	39,146
Interfund Accounts Receivable	88,743
Prepaid Expenses	(17,928)
Accounts Payable	(120,641)
Credit Card Payable - Capital One	(6,624)
Interfund Accounts Payable	(88,743)
Accrued Salaries and Benefits Payable	19,439
Payroll Deductions Payable	2,449
<hr/> Total Adjustments to reconcile Net Revenue to Net Cash	<hr/> (74,629)
 Net cash provided by operating activities	 290,443
 <b>INVESTING ACTIVITIES</b>	
Purchase of Buildings and Equipment	(142,619)
<hr/> Net cash used by Investing Activities	<hr/> (142,619)
 Net cash increase for period	 147,824
Cash at beginning of period	2,184,855
<hr/> Cash at end of period	<hr/> \$ 2,332,679 <hr/>

**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, 2020**

**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 charter contract was renewed on June 24, 2019 and is effective for the period July 1, 2019 through June 30, 2022

**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, 2020, Education Explosion, Inc. d/b/a Impact Charter Elementary School received no promises to give.

The School has adopted FASB ASC 958-10-65-1, 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 \$39,770 in advertising costs for the period July 1, 2019 through June 30, 2020.

### **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 is submitted to BESE for approval.

### **NOTE B: PROPERTY AND EQUIPMENT**

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Assets acquired with the following thresholds are capitalized:

Buildings	\$ 50,000
Building Improvements	\$ 50,000
Equipment	\$ 5,000
Vehicles	\$ 5,000

Any property and equipment acquired by the School is the property of the Charter School for the duration of the agreement and renewal of the agreement. If the agreement is terminated, revoked, not renewed, or surrendered, all assets and cash on hand attributable to state public funds shall be transferred to BESE or disposed of in accordance with Section 5.5 of the agreement.

Property and equipment consisted of the following at June 30, 2020:

	Estimated Depreciable Life	Purchased with Federal Funds	Purchased with Non- Federal Funds	Total
Equipment	15	-	\$ 24,550	\$ 24,550
Building and Improvements	35	-	277,863	277,863
Less: Accumulated Depreciation		-	(13,473)	(13,473)
Total		\$	<u>288,940</u>	<u>\$ 288,940</u>

Depreciation expense was \$9,530 for the year ended June 30, 2020

### **NOTE C: 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, 2020 combined deposits totaled \$2,217,495 which exceeded FDIC limits, however, the Organization feels that it is not exposed to significant credit risk on its cash balances.

**NOTE D: 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, 2020.

**NOTE E: 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 F: OPERATING LEASES - EQUIPMENT**

The School leases a copier and a transportation van which are considered to be operating leases. The rental costs on these items for the year ended June 30, 2020 were \$7,785 and \$7,619 respectively. Estimated future scheduled lease payments under the terms of the leases for the next two years are as follows, these leases expire after June 30, 2022:

6/30/2021	\$	16,144.56
6/30/2022		4,816.76
Total	\$	<u>20,961.32</u>

**NOTE G: 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 were not related parties.

On November 14, 2019, RM Charter Holdings, LLC purchased the sub-lease from ICE Project Development, LLC, payments are made to Rosemawr Mangement, LLC, as the registered agent.

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 landlord continues to be 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 on September 30, 2019, 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, 2020 was \$789,105. Estimated future scheduled rental payments under the terms of the sub-lease are as follows:

<b>June 30</b>			
	2021	\$	837,162
	2022		862,277
	2023		888,145
	2024		938,789
	If renewed after 2025		11,207,464
		\$	14,733,837

**NOTE H: ACCOUNTS RECEIVABLE (GRANTS)**

At **June 30, 2020**, grants receivable consist of amounts due from the following sources:

<u>Federal</u>			
IDEA Part B		\$	13,461
Title I			50,949
	Total Federal	\$	64,410

**NOTE I: FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of financial instruments has been determined utilizing available market information and appropriate valuation methodologies. The School does not have any financial instruments other than cash.

**NOTE J: PER DIEM TO BOARD OF DIRECTORS**

During the year ended June 30, 2020, no board member received per diem in his or her capacity as Director.

**NOTE K: 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 1<sup>st</sup> and February 1<sup>st</sup> 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 L: 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 M: LIQUIDITY OF FINANCIAL ASSETS**

The financial assets available to meet cash needs for general expenditures within one year as of June 30, 2020 are as follows:

June 30,		2020
Cash	\$	2,332,679
Grant and other receivables		72,279
Total financial assets available to meet general expenditures within one year	\$	2,404,958

Revenue from the Minimum Foundation Program and sources other than federal grants and internal funds is not restricted for specific purposes and is available for general expenditure, liabilities or other obligations as they come due.

**NOTE N: 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 March 19, 2021 , the date the financial statements were available for issuance.



**SUPPLEMENTARY INFORMATION**

**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, 2020, 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 March 19, 2021.

**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 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 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 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**  
**March 19, 2021**

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

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

**Summary Schedule of Prior Audit Findings  
For the Year Ended  
June 30, 2019**

**NONE**

**EDUCATION EXPLOSION, INC**  
**d/b/a**  
**IMPACT CHARTER ELEMENTARY SCHOOL**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

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

Agency Head: Chakesha Scott, CEO

<b>Purpose</b>	<b>Amount</b>
Salary	\$175,956
Benefits-Insurance	\$19,572
Benefits-Retirement	\$5,523
Benefits (Other)	\$11,961
Car Allowance	
Vehicle provide by government	
Per Diem	
Reimbursements	
Travel	\$3,235
Registration Fees	
Conference Travel	
Continuing professional education fees	
Housing	
unvouchered expenses	
Special meals	\$100

**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 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 observed if the class was properly classified on the schedule.

**Finding: None**

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

I obtained October 1<sup>st</sup> PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers and principle by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. I 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.

**Finding: None**

### **Public School Staff Data: Average Salaries (NO SCHEDULE)**

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

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 my 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**  
**March 19, 2021**

**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, 2020**

**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 2 - 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).



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

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2020**

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,148,106	
Other Instructional Staff Activities		
Instructional Staff Employee Benefits	90,049	
Purchased Professional and Technical Services	59,078	
Instructional Materials and Supplies	210,611	
Instructional Equipment	956	
Total Teacher and Student Interaction Activities	\$ 1,508,800	\$ 1,508,800
Other Instructional Activities	\$ 87,850	\$ 87,850
Pupil Support Activities	314,280	
Less: Equipment for Pupil Support Activities	\$ -	
Net Pupil Support Activities	\$ 314,280	\$ 314,280
Instructional Staff Services	\$ 185,259	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	\$ 185,259	\$ 185,259
School Administration	763,280	
Less: Equipment for School Administration	-	
Net School Administration	763,280	\$ 763,280
Total General Fund Instructional Expenditures		\$ 2,859,469
Total General Fund Equipment Expenditures		\$ 956
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		\$ -
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ -
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		\$ -

**See independent accountants' report on applying agreed upon procedures**

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2020 (continued)**

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

**See independent accountants' report on applying agreed upon procedures**

**EDUCATION EXPLOSION, INC**  
**d/b/a**  
**IMPACT CHARTER ELEMENTARY SCHOOL**  
**CLASS SIZE CHARACTERISTICS –SCHEDULE 2**  
**AS OF OCTOBER 1, 2019**

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	10%	30	90%	273	0%	0		
Elementary Activity Classes	10%	30	90%	273	0%	0		
Middle/Jr. High	48%	39	52%	42	0%	0		
Middle/Jr. High Activity Classes	48%	39	52%	42	0%	0		
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.