

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2021



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## **Independent Auditor's Report**

To the Board of Directors  
The Einstein Group, Inc.  
d/b/a Einstein Charter Schools  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of The Einstein Group, Inc. d/b/a Einstein Charter Schools (Einstein), which comprise the statement of financial position as of June 30, 2021, the related statements of activities and changes in net assets, 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 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 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.

## **LOUISIANA • TEXAS**

## **Opinion**

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

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board of directors, the schedules of compensation, benefits, and other payments to agency head or chief executive officer, the schedule of financial position by school, and the schedule of activities by school are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the 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 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 23, 2021, on our consideration of Einstein's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Einstein's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Einstein's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
December 23, 2021

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Statement of Financial Position  
June 30, 2021**

|   |                     |
|---|---------------------|
| <b>Assets</b>                           |                     |
| <b>Current Assets</b>                   |                     |
| Cash and Cash Equivalents               | \$ 7,182,782        |
| Grants Receivable                       | <u>2,544,956</u>    |
| <b>Total Current Assets</b>             | <u>9,727,738</u>    |
| <b>Fixed Assets</b>                     |                     |
| Furniture, Fixtures, and Equipment      | 15,960              |
| Less: Accumulated Depreciation          | <u>(3,670)</u>      |
| <b>Total Fixed Assets, Net</b>          | <u>12,290</u>       |
| <b>Total Assets</b>                     | <u>\$ 9,740,028</u> |
| <b>Liabilities and Net Assets</b>       |                     |
| <b>Current Liabilities</b>              |                     |
| Accounts Payable                        | \$ 91,755           |
| Accrued Liabilities                     | 1,314,989           |
| Current Portion of Note Payable         | <u>3,679,049</u>    |
| <b>Total Current Liabilities</b>        | <u>5,085,793</u>    |
| <b>Long-term Liabilities</b>            |                     |
| Notes Payable, Less Current Portion     | <u>146,288</u>      |
| <b>Total Liabilities</b>                | 5,232,081           |
| <b>Net Assets</b>                       |                     |
| With Donor Restrictions                 | 36,708              |
| Without Donor Restrictions              | <u>4,471,239</u>    |
| <b>Total Net Assets</b>                 | <u>4,507,947</u>    |
| <b>Total Liabilities and Net Assets</b> | <u>\$ 9,740,028</u> |

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

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2021**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| <b>Revenue, Grants, and Other Support</b>           |                               |                            |                     |
| State and Local Public School Funding               | \$ 16,398,946                 | \$ -                       | \$ 16,398,946       |
| Federal Grants                                      |                               |                            |                     |
| Grants for Education                                | 3,535,313                     | -                          | 3,535,313           |
| School Food Service Revenue                         | 792,652                       | -                          | 792,652             |
| Other Grants and Contributions                      | 708,704                       | -                          | 708,704             |
| Other Revenue                                       | 98,358                        | -                          | 98,358              |
| Net Assets Released from Restrictions               | 50,792                        | (50,792)                   | -                   |
| <b>Total Revenue, Grants, and<br/>Other Support</b> | <b>21,584,765</b>             | <b>(50,792)</b>            | <b>21,533,973</b>   |
| <b>Expenses</b>                                     |                               |                            |                     |
| Program Services                                    | 17,473,277                    | -                          | 17,473,277          |
| Management and General                              | 3,322,969                     | -                          | 3,322,969           |
| <b>Total Expenses</b>                               | <b>20,796,246</b>             | <b>-</b>                   | <b>20,796,246</b>   |
| <b>Change in Net Assets</b>                         | <b>788,519</b>                | <b>(50,792)</b>            | <b>737,727</b>      |
| <b>Net Assets, Beginning of Year</b>                | <b>3,574,875</b>              | <b>87,500</b>              | <b>3,662,375</b>    |
| <b>Prior Period Adjustment</b>                      | <b>107,845</b>                | <b>-</b>                   | <b>107,845</b>      |
| <b>Net Assets Beginning of the year (Restated)</b>  | <b>3,682,720</b>              | <b>87,500</b>              | <b>3,770,220</b>    |
| <b>Net Assets, End of Year</b>                      | <b>\$ 4,471,239</b>           | <b>\$ 36,708</b>           | <b>\$ 4,507,947</b> |

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

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Statement of Functional Expenses  
For the Year Ended June 30, 2021**

|                                    | <b>Program<br/>Services</b>   | <b>Supporting<br/>Services</b>    |                      |
|------------------------------------|-------------------------------|-----------------------------------|----------------------|
|                                    | <b>Education<br/>Programs</b> | <b>Management<br/>and General</b> | <b>Total</b>         |
| Salaries                           | \$ 9,401,498                  | \$ 1,594,467                      | \$ 10,995,965        |
| Employee Benefits                  | 3,477,106                     | 651,709                           | 4,128,815            |
| Purchased Services                 | 679,843                       | 825,557                           | 1,505,400            |
| Repairs                            | 1,050,952                     | -                                 | 1,050,952            |
| Supplies, Materials, and Textbooks | 839,039                       | 53,283                            | 892,322              |
| Food Services                      | 686,732                       | -                                 | 686,732              |
| Student Transportation             | 596,321                       | -                                 | 596,321              |
| Utilities                          | 354,793                       | -                                 | 354,793              |
| Dues and Miscellaneous             | 40,524                        | 191,687                           | 232,211              |
| Travel                             | 131,387                       | -                                 | 131,387              |
| Security                           | 85,951                        | -                                 | 85,951               |
| Insurance                          | 78,169                        | 2,418                             | 80,587               |
| Phone, Internet, and Postage       | 48,702                        | -                                 | 48,702               |
| Advertising                        | -                             | 3,848                             | 3,848                |
| Depreciation                       | 2,260                         | -                                 | 2,260                |
| <b>Total</b>                       | <b>\$ 17,473,277</b>          | <b>\$ 3,322,969</b>               | <b>\$ 20,796,246</b> |

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

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Statement of Cash Flows  
For the Year Ended June 30, 2021**

|   |                            |
|---|----------------------------|
| <b>Cash Flows from Operating Activities</b>   |                            |
| Change in Net Assets  | \$ 737,727                 |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Used in Operating Activities |                            |
| Depreciation  | 2,260                      |
| Increase in Grants Receivable   | (1,335,259)                |
| Decrease in Accrued Liabilities   | (20,586)                   |
| Increase in Accounts Payable  | <u>62,394</u>              |
| <b>Total Adjustments</b>  | <u>(1,291,191)</u>         |
| <b>Net Cash Used in Operating Activities</b>  | <u>(553,464)</u>           |
| <b>Cash Flows from Investing Activities</b>   |                            |
| Purchases of Furniture and Equipment  | (8,906)                    |
| Prior Period Adjustment - Furniture and Equipment   | <u>9,106</u>               |
| <b>Net Cash Provided by Investing Activities</b>  | <u>200</u>                 |
| <b>Cash Flows from Financing Activities</b>   |                            |
| Proceeds from Notes Payable   | <u>149,900</u>             |
| <b>Net Cash Provided by Financing Activities</b>  | <u>149,900</u>             |
| <b>Net Decrease in Cash and Cash Equivalents</b>  | (403,364)                  |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                       | <u>7,586,146</u>           |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u><u>\$ 7,182,782</u></u> |

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



**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

The Einstein Group, Inc. (the Corporation) was created as a non-profit corporation under the laws of the State of Louisiana on January 27, 2004. The Corporation applied to the Orleans Parish School Board to operate a Type 1 charter school. The Corporation does business as Einstein Charter Schools (Einstein). On March 21, 2005, the Orleans Parish School Board approved the charter of The Einstein Group, Inc. to create the Einstein Charter Schools. In July 2011, Einstein received a 6-year extension of the charter. Einstein serves eligible students in pre-kindergarten through eighth grade.

During the year ended June 30, 2013, Einstein amended its charter agreement to include two locations. This was due to Einstein taking over the operations of a nearby charter school location. Effective July 1, 2013, the Corporation began operations of the new campus.

During the year ended June 30, 2015, Einstein amended its charter agreement to add high school grades 9 - 12. This was due to Einstein taking over the operations of a nearby charter school location. Effective July 1, 2015, the Corporation began operations of a middle school at the new campus. Effective August 2016, the Corporation began operations of a high school at that same location.

On March 16, 2017, the Orleans Parish School Board approved each of Einstein's application to be considered their own Local Educational Agency (LEA). Effective July 1, 2017, the Orleans Parish School Board extended the charter of each School for five years and entered into an operating agreement that terminates on June 30, 2022.

Einstein leases its campuses rent free from the Orleans Parish School Board.

A summary of Einstein's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Einstein is required to record unconditional promises to give (pledges) as receivables and revenues and to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under FASB ASC 958, Einstein is required to report information regarding its financial position and activities according to two classes of net assets:

- a. Net Assets Without Donor Restrictions
- b. Net Assets With Donor Restrictions

In addition, Einstein is required to present a statement of cash flows.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of Einstein are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**Revenues**

Einstein's primary source of funding is through the State and Local Public School Funding which made up 76% of its funding for the year ended June 30, 2021. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Grants and contributions are recognized when the donor makes a promise to give to Einstein that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions.

**Fixed Assets and Depreciation**

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of Einstein.

**Net Assets**

Einstein is required to report information regarding its financial position and activities according to two classes of net assets, which are the following:

*Net Assets Without Donor Restrictions* - Net assets that are resources available to support operations.

*Net Assets With Donor Restrictions* - Net assets that are resources that are restricted by the donor for use for a particular purpose or in a particular future period. When the donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

Einstein is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Einstein's tax-exempt purpose is subject to taxation as unrelated business income.

**Statement of Cash Flows**

For purposes of the statement of cash flows, Einstein considers all investments purchased with an original maturity of three months or less to be cash equivalents.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentrations**

Einstein received 76% of its revenues in the year ended June 30, 2021 from the State Public School Funding subject to its charter school contract, and 20% of its funding from the federal government.

As noted earlier, Einstein is leasing its buildings from the Orleans Parish School Board rent free. Should these leases not be extended further, it would have an unfavorable impact to Einstein.

**Revenues and Support**

State Public School Funding

Einstein's primary source of funding is through the State Public School Fund. Einstein receives funding per eligible student in attendance on October 1<sup>st</sup>, payable in monthly installments. The October 1<sup>st</sup> student count is audited by the Louisiana Department of Education. Adjustments are made in the following year.

Federal and State Grants

Federal and state grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Revenues and Support (Continued)**

Private Grants and Contributions

Private grants and contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Einstein will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of the promise and are discounted at an appropriate discount rate. Future amortization of the discount will be included in contribution revenue. Management closely monitors outstanding balances and writes off any balances deemed uncollectible.

Other Income

Revenue from other sources, including student activities and meals, is recorded and recognized as revenue in the period in which Einstein provides the service at the amount that reflects the consideration to which Einstein expects to be entitled for providing the service or good.

Contracts vs. Contributions

Einstein utilizes the guidance in Accounting Standards Update (ASU) 2018-08 in the assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by Einstein. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the school year, which is simultaneous with the fiscal year. Einstein believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, there are no significant performance obligations satisfied over time. Einstein measures the performance obligation throughout the school year. Revenue for performance obligations satisfied at a point in time, which includes most student activities and income from meals, is recognized when services are provided. Einstein determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements - Not Yet Adopted**

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

**Functional Expenses**

The cost of providing the Einstein's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are first allocated by direct identification, and then allocated if an expenditure benefits more than one program or function. Einstein management expenses are allocated based on each school's enrollment for the year ended June 30, 2021.

**Liquidity and Availability**

Einstein's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. It regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources that Einstein has available. In addition, Einstein operates with a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|                           |                            |
|---------------------------|----------------------------|
| Cash and Cash Equivalents | \$ 7,146,074               |
| Grants Receivable         | <u>2,544,956</u>           |
| <b>Total</b>              | <b><u>\$ 9,691,030</u></b> |

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 2. Cash and Cash Equivalents**

Einstein's cash and cash equivalents (book balances) at June 30, 2021 were \$7,182,782, which are stated at cost and approximate market.

**Note 3. Restriction on Assets**

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of Einstein. These restrictions are considered to expire when payments for restricted purposes are made. At June 30, 2021, Einstein had \$36,708 in net assets with donor restrictions.

**Note 4. Grants Receivable**

As of June 30, 2021, grants receivable totaled \$2,544,956, which is a combination of state and federal grants. The grants receivable balance is considered to be fully collectible.

**Note 5. Fixed Assets**

Depreciation expense for the year ended June 30, 2021 was \$2,260. Depreciation is calculated using the straight-line method with useful lives of 5 years.

All assets acquired with Louisiana Department of Education funds are owned by Einstein while used in the purpose for which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

**Note 6. Accrued Liabilities**

As of June 30, 2021, Einstein has recorded accrued liabilities of \$1,314,989. The entire amount is for employee salaries and other related employee benefits.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 7. Retirement Plan**

Certain employees of Einstein 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 to become vested for disability and survivor benefits. Benefits are established and amended by state statute. At June 30, 2021, the TRSL was 83% funded. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

**Funding Policy**

Plan members are required to contribute 8% of their annual covered salary. Einstein is required to contribute at an actuarially determined rate. During the year ended June 30, 2021, the employer contribution rate was 25.8%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. Einstein's contribution to the plan for the years ended June 30, 2021, 2020, and 2019 was \$2,695,357, \$2,929,663, and \$2,434,254, respectively, which was equal to the required contribution.

**Note 8. Uncertain Income Taxes**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Einstein believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in general administration expenses.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 9. Risks and Uncertainties**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which Einstein operates.

While it is unknown how long these conditions will last and what the complete financial effect will be to Einstein, to date, Einstein is experiencing moderate disruptions including conversions to digital learning options, additional costs related to sanitization and technology supplies, and reductions in enrollment due to alternative school options. Einstein's concentrations due to significant state and federal funding make it reasonably possible that Einstein is vulnerable to the risk of a near-term significant impact. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions.

**Note 10. Notes Payable**

On May 6, 2020, Einstein entered into a United States Small Business Association (SBA) Paycheck Protection Program (PPP) loan with Liberty Bank in the amount of \$3,675,337, at an interest rate of 1.0% per annum, with the first six months of interest deferred. The PPP loan has a term of two years and is unsecured and guaranteed by the SBA.

The principal amount of the PPP loan is subject to forgiveness under the PPP upon Einstein's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by Einstein. Einstein intends to apply for forgiveness of the PPP loan with respect to these covered expenses. To the extent that all or part of the PPP loan is not forgiven, Einstein will be required to pay interest on the PPP loan at a rate of 1.0% per annum, and commencing on December 1, 2020, principal and interest payments will be required through the maturity date of May 6, 2022. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of an event of default.



**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 10. Notes Payable (Continued)**

On August 1, 2020, Einstein entered into a United States SBA Disaster Relief loan in the amount of \$150,000 at an interest rate of 2.75% per annum. The loan has a term of thirty years and is secured with business assets as collateral. Future maturities are as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|---------------------------------|-------------------|------------------|-------------------|
| 2022                            | \$ 3,612          | \$ 4,080         | \$ 7,692          |
| 2023                            | 3,713             | 3,979            | 7,692             |
| 2024                            | 3,816             | 3,876            | 7,692             |
| 2025                            | 3,923             | 3,769            | 7,692             |
| 2026                            | 4,032             | 3,660            | 7,692             |
| More than 5 years               | 130,904           | 45,705           | 176,609           |
| <b>Total</b>                    | <b>\$ 150,000</b> | <b>\$ 65,069</b> | <b>\$ 215,069</b> |

**Note 11. Prior Period Adjustment**

During the year ended June 30, 2021, Einstein discovered that accrued expenses at June 30, 2020, accrued expenses were overstated by \$116,951. In addition, Einstein discovered that one fixed asset has been capitalized incorrectly and another should have been capitalized. Corrections of errors for fixed asset items totaled \$9,106.

**Note 12. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 23, 2021, and determined that the following event occurred which requires disclosure:

On July 8, 2021, Einstein received forgiveness of its PPP loan including accrued interest.

On November 18, 2021, the Orleans Parish School Board extended the charter for Sherwood Forest Elementary for three years. Village de L'est Elementary, Einstein Charter Middle and Sarah T. Reed High were extended for five years.

No further subsequent events occurring after December 23, 2021 have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Board of Directors  
For the Year Ended June 30, 2020**

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| <b><u>Board Members</u></b>  | <b><u>Compensation</u></b> |
|--|----------------------------|
| Durrell Laurant, President<br>3440 Peoples Avenue<br>New Orleans, LA 70122<br>(504) 931-6256 | \$-0-                      |
| Lauren Narcisse<br>2713 Jasmin Street<br>New Orleans, LA 70122<br>(919) 599-2235             | \$-0-                      |
| Joe Rochelle<br>5562 Woodlawn Place<br>New Orleans, LA 70124<br>(504) 451-4885               | \$-0-                      |
| Clarice T. Kirkland<br>P.O. Box 870243<br>New Orleans, LA 70122<br>(504) 253-9854            | \$-0-                      |
| Maya Edwards<br>13241 Saint Helena Place<br>New Orleans, LA 70129<br>(504) 403-7521          | \$-0-                      |
| Angela Vance<br>4769 Sherwood Drive<br>New Orleans, LA 70128<br>(504) 267-5294               | \$-0-                      |
| Dr. Raymond Delaney<br>1109 Dickory Ave, D239<br>River Ridge, LA 70123<br>(504) 239-0887     | \$-0-                      |

See independent auditor's report.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Compensation, Benefits, and Other Payments  
to Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2021**

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**Agency Head**

Michael McKenzie, Sr., CEO July 1, 2020 to March 14, 2021)

| <b>Purpose</b>                         | <b>Amount</b> |
|--|---------------|
| Salary                                 | \$126,491     |
| Severance                              | \$38,939      |
| Vacation/Sick Payout                   | \$12,284      |
| Benefits - Health Insurance            | \$4,716       |
| Benefits - Retirement                  | \$32,635      |
| Benefits - Life Insurance              | \$160         |
| Benefits - Worker's Compensation       | \$0           |
| Benefits - Dental                      | \$201         |
| Benefits - Accident                    | \$172         |
| Car Allowance                          | \$0           |
| Vehicle Provided by Government         | \$0           |
| Per Diem                               | \$0           |
| Reimbursements                         | \$0           |
| Travel                                 | \$0           |
| Registration Fees                      | \$0           |
| Conference Travel                      | \$0           |
| Continuing Professional Education Fees | \$0           |
| Housing                                | \$0           |
| Unvouchered Expenses                   | \$0           |
| Special Meals                          | \$0           |

See independent auditor's report.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Compensation, Benefits, and Other Payments  
to Agency Head or Chief Executive Officer (Continued)  
For the Year Ended June 30, 2021**

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**Agency Head**

Ashley Daniels-Hall(March 15, 2021 to June 30, 2021)

| <b>Purpose</b>                         | <b>Amount</b> |
|--|---------------|
| Salary                                 | \$49,871      |
| Stipend                                | \$0           |
| Vacation/Sick Payout                   | \$0           |
| Benefits - Health Insurance            | \$1,698       |
| Benefits - Retirement                  | \$0           |
| Benefits - Life Insurance              | \$47          |
| Benefits - Worker's Compensation       | \$0           |
| Benefits - Dental                      | \$17          |
| Benefits - Vision                      | \$12          |
| Car Allowance                          | \$0           |
| Vehicle Provided by Government         | \$0           |
| Per Diem                               | \$0           |
| Reimbursements                         | \$0           |
| Travel                                 | \$0           |
| Registration Fees                      | \$325         |
| Conference Travel                      | \$0           |
| Continuing Professional Education Fees | \$0           |
| Housing                                | \$0           |
| Unvouchered Expenses                   | \$0           |
| Special Meals                          | \$0           |

See independent auditor's report.

**THE EINSTEIN GROUP, INC.**  
**D/B/A EINSTEIN CHARTER SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Financial Position by School**  
**June 30, 2021**

|   | Village de l'Est<br>Charter School | Reed Middle<br>Charter School | Reed High<br>Charter School | Sherwood Forest<br>Charter School | Eliminations | Total                |
|---|------------------------------------|-------------------------------|-----------------------------|-----------------------------------|--------------|----------------------|
| <b>Assets</b>                           |                                    |                               |                             |                                   |              |                      |
| <b>Current Assets</b>                   |                                    |                               |                             |                                   |              |                      |
| Cash and Cash Equivalents               | \$ 2,600,624                       | \$ 1,521,531                  | \$ 1,431,744                | \$ 1,628,883                      | \$ -         | \$ 7,182,782         |
| Interschool Receivable                  | 94,513                             | 329,974                       | -                           | -                                 | -            | 424,487              |
| Grants Receivable                       | 632,137                            | 671,078                       | 474,489                     | 767,252                           | -            | 2,544,956            |
| <b>Total Current Assets</b>             | <b>3,327,274</b>                   | <b>2,522,583</b>              | <b>1,906,233</b>            | <b>2,396,135</b>                  | <b>-</b>     | <b>10,152,225</b>    |
| <b>Fixed Assets</b>                     |                                    |                               |                             |                                   |              |                      |
| Furniture, Fixtures, and Equipment      | -                                  | -                             | 15,960                      | -                                 | -            | 15,960               |
| Less: Accumulated Depreciation          | -                                  | -                             | (3,670)                     | -                                 | -            | (3,670)              |
| <b>Net Property and Equipment</b>       | <b>-</b>                           | <b>-</b>                      | <b>12,290</b>               | <b>-</b>                          | <b>-</b>     | <b>12,290</b>        |
| <b>Total Assets</b>                     | <b>\$ 3,327,274</b>                | <b>\$ 2,522,583</b>           | <b>\$ 1,918,523</b>         | <b>\$ 2,396,135</b>               | <b>\$ -</b>  | <b>\$ 10,164,515</b> |
| <b>Liabilities and Net Assets</b>       |                                    |                               |                             |                                   |              |                      |
| <b>Current Liabilities</b>              |                                    |                               |                             |                                   |              |                      |
| Accounts Payable                        | \$ 91,755                          | \$ -                          | \$ -                        | \$ -                              | \$ -         | 91,755               |
| Current Portion of Long Term Debt       | 976,889                            | 755,593                       | 911,763                     | 1,034,804                         | -            | 3,679,049            |
| Accrued Liabilities                     | 612,484                            | 208,820                       | 209,548                     | 284,137                           | -            | 1,314,989            |
| Interschool Payable                     | -                                  | -                             | 141,469                     | 283,018                           | -            | 424,487              |
| Notes Payable                           | 38,843                             | 30,044                        | 36,254                      | 41,147                            | -            | 146,288              |
| <b>Total Current Liabilities</b>        | <b>1,719,971</b>                   | <b>994,457</b>                | <b>1,299,034</b>            | <b>1,643,106</b>                  | <b>-</b>     | <b>5,656,568</b>     |
| <b>Net Assets</b>                       |                                    |                               |                             |                                   |              |                      |
| With Donor Restrictions                 | 4,760                              | -                             | 31,948                      | -                                 | -            | 36,708               |
| Without Donor Restrictions              | 1,602,543                          | 1,528,126                     | 587,541                     | 753,029                           | -            | 4,471,239            |
| <b>Total Net Assets</b>                 | <b>1,607,303</b>                   | <b>1,528,126</b>              | <b>619,489</b>              | <b>753,029</b>                    | <b>-</b>     | <b>4,507,947</b>     |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 3,327,274</b>                | <b>\$ 2,522,583</b>           | <b>\$ 1,918,523</b>         | <b>\$ 2,396,135</b>               | <b>\$ -</b>  | <b>\$ 10,164,515</b> |

See independent auditor's report.

**THE EINSTEIN GROUP, INC.**  
**D/B/A EINSTEIN CHARTER SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Activities by School**  
**For the Year Ended June 30, 2021**

|   | Village de l'Est Charter School |                         |                     | Reed Middle Charter School |                         |                     | Reed High Charter School   |                         |                   |
|---|---------------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|-------------------|
|   | Without Donor Restrictions      | With Donor Restrictions | Total               | Without Donor Restrictions | With Donor Restrictions | Total               | Without Donor Restrictions | With Donor Restrictions | Total             |
| <b>Revenue, Grants, and Other Support</b>       |                                 |                         |                     |                            |                         |                     |                            |                         |                   |
| State and Local Public School Funding           | \$ 4,161,007                    | \$ -                    | \$ 4,161,007        | \$ 3,877,134               | \$ -                    | \$ 3,877,134        | \$ 4,433,998               | \$ -                    | \$ 4,433,998      |
| Federal Grants                                  |                                 |                         |                     |                            |                         |                     |                            |                         |                   |
| Grants for Education                            | 970,136                         | -                       | 970,136             | 822,999                    | -                       | 822,999             | 728,099                    | -                       | 728,099           |
| School Food Service Revenue                     | 231,955                         | -                       | 231,955             | 160,171                    | -                       | 160,171             | 118,497                    | -                       | 118,497           |
| Other Grants and Contributions                  | 346,677                         | -                       | 346,677             | 38,321                     | -                       | 38,321              | 21,713                     | -                       | 21,713            |
| Other Revenue                                   | 33,848                          | -                       | 33,848              | 24,495                     | -                       | 24,495              | 11,488                     | -                       | 11,488            |
| Net Assets Released from Restrictions           | 5,240                           | (5,240)                 | -                   | 8,500                      | (8,500)                 | -                   | 32,052                     | (32,052)                | -                 |
| <b>Total Revenue, Grants, and Other Support</b> | <b>5,748,863</b>                | <b>(5,240)</b>          | <b>5,743,623</b>    | <b>4,931,620</b>           | <b>(8,500)</b>          | <b>4,923,120</b>    | <b>5,345,847</b>           | <b>(32,052)</b>         | <b>5,313,795</b>  |
| <b>Expenses</b>                                 |                                 |                         |                     |                            |                         |                     |                            |                         |                   |
| Program Services                                |                                 |                         |                     |                            |                         |                     |                            |                         |                   |
| Regular Education Programs                      | 1,774,469                       | -                       | 1,774,469           | 819,800                    | -                       | 819,800             | 1,012,314                  | -                       | 1,012,314         |
| Special Education Programs                      | 466,916                         | -                       | 466,916             | 612,181                    | -                       | 612,181             | 530,081                    | -                       | 530,081           |
| Career and Technical Education Programs         | -                               | -                       | -                   | -                          | -                       | -                   | 386,020                    | -                       | 386,020           |
| Special Programs                                | 252,273                         | -                       | 252,273             | -                          | -                       | -                   | 15,389                     | -                       | 15,389            |
| Other Instructional Programs                    | 520,506                         | -                       | 520,506             | 615,408                    | -                       | 615,408             | 666,522                    | -                       | 666,522           |
| Pupil Support Services                          | 115,702                         | -                       | 115,702             | 243,607                    | -                       | 243,607             | 188,958                    | -                       | 188,958           |
| Instructional Staff Services                    | 219,344                         | -                       | 219,344             | 180,885                    | -                       | 180,885             | 95,561                     | -                       | 95,561            |
| School Administration                           | 401,109                         | -                       | 401,109             | 392,566                    | -                       | 392,566             | 458,152                    | -                       | 458,152           |
| Operation and Maintenance                       | 538,688                         | -                       | 538,688             | 364,173                    | -                       | 364,173             | 531,342                    | -                       | 531,342           |
| Student Transportation Services                 | 159,539                         | -                       | 159,539             | 112,409                    | -                       | 112,409             | 163,978                    | -                       | 163,978           |
| Food Service                                    | 231,572                         | -                       | 231,572             | 135,644                    | -                       | 135,644             | 93,717                     | -                       | 93,717            |
| Depreciation                                    | -                               | -                       | -                   | -                          | -                       | -                   | 2,260                      | -                       | 2,260             |
| Management and General                          |                                 |                         |                     |                            |                         |                     |                            |                         |                   |
| School Administration                           | 177,930                         | -                       | 177,930             | 160,100                    | -                       | 160,100             | 50,663                     | -                       | 50,663            |
| General Administration                          | 179,078                         | -                       | 179,078             | 7,965                      | -                       | 7,965               | 3,816                      | -                       | 3,816             |
| Business Services                               | 173,805                         | -                       | 173,805             | 71,262                     | -                       | 71,262              | 34,165                     | -                       | 34,165            |
| Central Services                                | 635,625                         | -                       | 635,625             | 603,173                    | -                       | 603,173             | 365,848                    | -                       | 365,848           |
| <b>Total Expenses</b>                           | <b>5,846,556</b>                | <b>-</b>                | <b>5,846,556</b>    | <b>4,319,173</b>           | <b>-</b>                | <b>4,319,173</b>    | <b>4,598,786</b>           | <b>-</b>                | <b>4,598,786</b>  |
| <b>Change in Net Assets</b>                     | <b>(97,693)</b>                 | <b>(5,240)</b>          | <b>(102,933)</b>    | <b>612,447</b>             | <b>(8,500)</b>          | <b>603,947</b>      | <b>747,061</b>             | <b>(32,052)</b>         | <b>715,009</b>    |
| <b>Net Assets, Beginning of Year</b>            | <b>1,583,285</b>                | <b>10,000</b>           | <b>1,593,285</b>    | <b>915,679</b>             | <b>8,500</b>            | <b>924,179</b>      | <b>(150,414)</b>           | <b>64,000</b>           | <b>(86,414)</b>   |
| <b>Prior Period Adjustment</b>                  | <b>116,951</b>                  | <b>-</b>                | <b>-</b>            | <b>-</b>                   | <b>-</b>                | <b>-</b>            | <b>(9,106)</b>             | <b>-</b>                | <b>-</b>          |
| <b>Net Assets, Beginning of Year, Restated</b>  | <b>1,700,236</b>                | <b>10,000</b>           | <b>1,593,285</b>    | <b>915,679</b>             | <b>8,500</b>            | <b>924,179</b>      | <b>(159,520)</b>           | <b>64,000</b>           | <b>(86,414)</b>   |
| <b>Net Assets, End of Year</b>                  | <b>\$ 1,602,543</b>             | <b>\$ 4,760</b>         | <b>\$ 1,490,352</b> | <b>\$ 1,528,126</b>        | <b>\$ -</b>             | <b>\$ 1,528,126</b> | <b>\$ 587,541</b>          | <b>\$ 31,948</b>        | <b>\$ 628,595</b> |

See independent auditor's report.

**THE EINSTEIN GROUP, INC.**  
**D/B/A EINSTEIN CHARTER SCHOOLS**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Activities by School (Continued)**  
**For the Year Ended June 30, 2021**

|   | Sherwood Forest Charter School |                            |                   | Eliminating                   |                            |             | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|--------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------|-------------------------------|----------------------------|---------------------|
|   | Without Donor<br>Restrictions  | With Donor<br>Restrictions | Total             | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total       |                               |                            |                     |
| <b>Revenue, Grants, and Other Support</b>       |                                |                            |                   |                               |                            |             |                               |                            |                     |
| State and Local Public School Funding           | \$ 3,926,807                   | \$ -                       | \$ 3,926,807      | \$ -                          | \$ -                       | \$ -        | \$ 16,398,946                 | \$ -                       | \$ 16,398,946       |
| Federal Grants                                  |                                |                            |                   |                               |                            |             |                               |                            |                     |
| Grants for Education                            | 1,014,079                      | -                          | 1,014,079         | -                             | -                          | -           | 3,535,313                     | -                          | 3,535,313           |
| School Food Service Revenue                     | 282,029                        | -                          | 282,029           | -                             | -                          | -           | 792,652                       | -                          | 792,652             |
| Other Grants and Contributions                  | 301,993                        | -                          | 301,993           | -                             | -                          | -           | 708,704                       | -                          | 708,704             |
| Other Revenue                                   | 28,527                         | -                          | 28,527            | -                             | -                          | -           | 98,358                        | -                          | 98,358              |
| Net Assets Released from Restrictions           | 5,000                          | (5,000)                    | -                 | -                             | -                          | -           | 50,792                        | (50,792)                   | -                   |
| <b>Total Revenue, Grants, and Other Support</b> | <b>5,558,435</b>               | <b>(5,000)</b>             | <b>5,553,435</b>  | <b>-</b>                      | <b>-</b>                   | <b>-</b>    | <b>21,533,973</b>             | <b>-</b>                   | <b>21,533,973</b>   |
| <b>Expenses</b>                                 |                                |                            |                   |                               |                            |             |                               |                            |                     |
| Program Services                                |                                |                            |                   |                               |                            |             |                               |                            |                     |
| Regular Education Programs                      | 1,758,135                      | -                          | 1,758,135         | -                             | -                          | -           | 5,364,718                     | -                          | 5,364,718           |
| Special Education Programs                      | 767,735                        | -                          | 767,735           | -                             | -                          | -           | 2,376,913                     | -                          | 2,376,913           |
| Career and Technical Education Programs         | -                              | -                          | -                 | -                             | -                          | -           | 386,020                       | -                          | 386,020             |
| Special Programs                                | 358,566                        | -                          | 358,566           | -                             | -                          | -           | 626,228                       | -                          | 626,228             |
| Other Instructional Programs                    | 431,935                        | -                          | 431,935           | -                             | -                          | -           | 2,234,371                     | -                          | 2,234,371           |
| Pupil Support Services                          | 256,976                        | -                          | 256,976           | -                             | -                          | -           | 805,243                       | -                          | 805,243             |
| Instructional Staff Services                    | 267,184                        | -                          | 267,184           | -                             | -                          | -           | 762,974                       | -                          | 762,974             |
| School Administration                           | 320,621                        | -                          | 320,621           | -                             | -                          | -           | 1,572,448                     | -                          | 1,572,448           |
| Operation and Maintenance                       | 685,482                        | -                          | 685,482           | -                             | -                          | -           | 2,119,685                     | -                          | 2,119,685           |
| Student Transportation Services                 | 160,395                        | -                          | 160,395           | -                             | -                          | -           | 596,321                       | -                          | 596,321             |
| Food Service                                    | 225,799                        | -                          | 225,799           | -                             | -                          | -           | 686,732                       | -                          | 686,732             |
| Depreciation                                    | -                              | -                          | -                 | -                             | -                          | -           | 2,260                         | -                          | 2,260               |
| Management and General                          |                                |                            |                   |                               |                            |             |                               |                            |                     |
| School Administration                           | 108,045                        | -                          | 108,045           | -                             | -                          | -           | 496,738                       | -                          | 496,738             |
| General Administration                          | 9,276                          | -                          | 9,276             | -                             | -                          | -           | 200,135                       | -                          | 200,135             |
| Business Services                               | 83,642                         | -                          | 83,642            | -                             | -                          | -           | 362,874                       | -                          | 362,874             |
| Central Services                                | 597,940                        | -                          | 597,940           | -                             | -                          | -           | 2,202,586                     | -                          | 2,202,586           |
| <b>Total Expenses</b>                           | <b>6,031,731</b>               | <b>-</b>                   | <b>6,031,731</b>  | <b>-</b>                      | <b>-</b>                   | <b>-</b>    | <b>20,796,246</b>             | <b>-</b>                   | <b>20,796,246</b>   |
| <b>Change in Net Assets</b>                     | <b>(473,296)</b>               | <b>(5,000)</b>             | <b>(478,296)</b>  | <b>-</b>                      | <b>-</b>                   | <b>-</b>    | <b>737,727</b>                | <b>-</b>                   | <b>737,727</b>      |
| <b>Net Assets, Beginning of Year</b>            | <b>1,226,325</b>               | <b>5,000</b>               | <b>1,231,325</b>  | <b>-</b>                      | <b>-</b>                   | <b>-</b>    | <b>3,574,875</b>              | <b>87,500</b>              | <b>3,662,375</b>    |
| <b>Prior Period Adjustment</b>                  | <b>-</b>                       | <b>-</b>                   | <b>-</b>          | <b>-</b>                      | <b>-</b>                   | <b>-</b>    | <b>107,845</b>                | <b>-</b>                   | <b>107,845</b>      |
| <b>Net Assets, End of Year</b>                  | <b>\$ 753,029</b>              | <b>\$ -</b>                | <b>\$ 753,029</b> | <b>\$ -</b>                   | <b>\$ -</b>                | <b>\$ -</b> | <b>\$ 4,420,447</b>           | <b>\$ 36,708</b>           | <b>\$ 4,507,947</b> |

See independent auditor's report.



**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**

Independent Auditor's Report

To the Board of Directors  
The Einstein Group, Inc.  
d/b/a Einstein Charter Schools  
New Orleans, Louisiana

We have audited, 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, the financial statements of The Einstein Group, Inc. d/b/a Einstein Charter Schools (Einstein), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Einstein's basic financial statements, and have issued our report thereon dated December 23, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Einstein's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Einstein's internal control. Accordingly, we do not express an opinion on the effectiveness of Einstein'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 over financial reporting 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 Einstein’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Einstein’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA  
December 23, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors  
The Einstein Group, Inc.  
d/b/a Einstein Charter Schools  
New Orleans, Louisiana

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

We have audited The Einstein Group, Inc. d/b/a Einstein Charter Schools' (Einstein), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Einstein's major federal programs for the year ended June 30, 2021. Einstein'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 the requirements of laws, regulations, contracts, and grants applicable to Einstein's major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Einstein'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 Einstein'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 the major federal programs. However, our audit does not provide a legal determination of Einstein's compliance.

### **Opinion on Major Federal Programs**

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

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

Management of Einstein 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 Einstein's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 Einstein's internal control over compliance. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we considered to be a material weakness.

*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 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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA  
December 23, 2021

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

| <b>Federal Grantor/Pass-Through Grantor Program Title</b> | <b>Assistance<br/>Listing<br/>Number</b> | <b>Pass Through<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|---|--|--------------------------------|---------------------------------|
| <b>United States Department of Agriculture</b>            |  |                                |                                 |
| (Passed through the State of Louisiana)                   |  |                                |                                 |
| Child Nutrition Cluster                                   |  |                                |                                 |
| National School Lunch Program                             | 10.555                                   | None                           | <u>\$ 792,652</u>               |
| <b>Total United States Department of Agriculture</b>      |  |                                | <u>792,652</u>                  |
| <b>United States Department of Education</b>              |  |                                |                                 |
| (Passed through the Louisiana Department of Education)    |  |                                |                                 |
| Title I Grants to Local Educational Agencies              | 84.010                                   | 21T1 000302                    | 1,350,668                       |
| Special Education Cluster                                 |  |                                |                                 |
| Special Education Grants to States                        | 84.027                                   | 21IB 000516                    | 428,640                         |
| Career and Technical Education                            | 84.048                                   | None                           | 19,160                          |
| Twenty-First Century Community Learning Centers           | 84.287 *                                 | None                           | 535,291                         |
| English Language Acquisition State Grants                 | 84.365                                   | None                           | 67,776                          |
| Improving Teacher Quality State Grants                    | 84.367                                   | 21T2 001101                    | 128,644                         |
| Student Support and Academic Enrichment                   | 84.424                                   | None                           | 78,641                          |
| Covid 19: Government Emergency Education Relief Fund      | 84.424C                                  | 21EFI 000602                   | 17,155                          |
| Covid 19: Elementary and Secondary School Emergency Fund  | 84.424D *                                | 21IP 000306                    | <u>909,338</u>                  |
| <b>Total United States Department of Education</b>        |  |                                | <u>3,535,313</u>                |
| <b>Total Expenditures of Federal Awards</b>               |  |                                | <u>\$ 4,327,965</u>             |

\* Indicates major program.

See notes to schedule of expenditures of federal awards.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA**

**Notes to Schedule of Expenditures of Federal Awards**

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**Note 1. Basis of Accounting**

The schedule is prepared on the accrual basis of accounting.

**Note 2. De Minimis Cost Rate**

The 10% de minimis indirect cost rate was used for Charter Schools (84.282).

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

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**Section I. Summary of Auditor's Results**

Financial Statements

- |  |               |
|--|---------------|
| 1) Type of auditor's report  | Unmodified    |
| 2) Internal control over financial reporting and compliance and other matters    |               |
| a) Material weaknesses identified?   | No            |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c) Noncompliance noted?  | No            |
| 3) Management letter comment provided?   | None          |

Federal Awards

- |   |               |
|---|---------------|
| 4) Internal control over major programs   |               |
| a) Material weaknesses identified?  | None reported |
| b) Significant deficiencies identified not considered to be material weaknesses?            | None reported |
| 5) Type of auditor's report issued on compliance for major programs                         | Unmodified    |
| 6) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7) Identification of major programs   |               |
| 84.287 - Twenty-First Century Community Learning Centers                                    |               |
| 84.424D - Covid 19: Elementary and Secondary School Emergency Fund                          |               |
| 8) Dollar threshold used to distinguish between Type A and B programs                       | \$750,000     |
| 9) Auditee qualified as a low-risk auditee under Uniform Guidance                           | Yes           |

**Section II. Internal Control Over Financial Reporting**

None.

**Section III. Findings and Questioned Costs Related to Major Federal Award Programs**

None.

**THE EINSTEIN GROUP, INC.  
D/B/A EINSTEIN CHARTER SCHOOLS  
NEW ORLEANS, LOUISIANA  
Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2021**

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None.