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EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

**Education Explosion, Inc. d/b/a Impact Charter Elementary School
Baker, LA.**

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Education Explosion, Inc. d/b/a Impact Charter Elementary School (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

During the course of our audit, we became aware of an ongoing investigation by the Louisiana Legislative Auditor (LLA) into the Organization's financial activities. Before we could complete additional audit procedures requested during our pre-issuance review, the LLA issued a public report on February 5, 2025, identifying significant internal control deficiencies and financial irregularities involving former senior management.

Following these events, the Organization's Board of Directors and Chief Executive Officer were replaced by appointees of the Louisiana Board of Elementary and Secondary Education. Attempts to expand audit procedures were impeded when the Organization, under both prior and current management, was unable to provide access to historical records necessary to complete additional audit work.

As a result, we were unable to determine whether any adjustments might have been necessary in the financial statements.

Emphasis of Matter – Subsequent Events

As discussed in **Note P** to the financial statements, the Louisiana Legislative Auditor issued a public report subsequent to year-end confirming irregularities and deficiencies. These events materially impacted access to records and governance at the Organization. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Financial Statements

Our responsibility is to conduct an audit of Education Explosion, Inc. d/b/a Impact Charter Elementary School's financial statements in accordance with auditing standards generally accepted in the United States of America and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. However, as described in our Disclaimer of Opinion, we do not express an opinion on the financial statements.

The accompanying Schedule of Agency Head Compensation is presented for purposes of additional analysis and is not a required part of the basic 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 (Uniform Guidance), is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the schedule of expenditures of federal awards.

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 Performance and Statistical Data, the Schedule of Compensation, Benefits and Other Payments to the School Leader, and the Statewide Agreed-Upon Procedures are not a required part of the basic financial statements but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountants Reports on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2025, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

We are required to be independent of Education Explosion, Inc. d/b/a Impact Charter Elementary School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
April 30, 2025**

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

<u>ASSETS</u>			
Cash & Cash Equivalents		\$ 2,642,266	
Grants Receivable		440,682	
Interfund Accounts Receivable		379,571	
Prepaid Expenses		12,341	
Total Current Assets		\$ 3,474,860	
Property, Equipment			
Building , Bldg. Improvements -Net		274,520	
Right-of-use Assets-Net		23,984,293	
Net. Property, Equipment		\$ 24,258,813	
TOTAL ASSETS		\$ 27,733,673	
<u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Current Liabilities			
Accounts Payable		\$ 78,318	
Credit Card Accounts Payable		-	
Right-of-Use- Current Liability		110,261	
Other Accrues		12,450	
Accrued Salaries and Benefits Payable		174,480	
Interfund Accounts Payable		379,571	
Total Current Liabilities		\$ 755,080	
Non Current Liabilities			
Right-of-Use- Non Current Liability		\$ 24,474,327	
Total Non Current Liabilities		\$ 24,474,327	
TOTAL LIABILITIES		\$ 25,229,407	
<u>NET ASSETS</u>			
Net assets without Donor Restrictions		\$ 2,429,612	
Net assets with Donor Restrictions		\$ 74,654	
Total Net Assets		\$ 2,504,266	
TOTAL LIABILITIES AND NET ASSETS		\$ 27,733,673	

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, 2024

<u>SUPPORT AND REVENUES</u>			
Minimum Foundation Program			\$ 5,516,960
Revenue From Federal sources			1,538,776
Other Sources of Funds			455,782
TOTAL REVENUE AND SUPPORT			\$ 7,511,518
<u>EXPENSES</u>			
Program Services			
General Fund			\$ 4,808,865
Special Education Fund			1,501,063
Supporting Services			
Management & General			1,065,732
TOTAL EXPENSES			\$ 7,375,660
CHANGE IN NET ASSETS			\$ 135,858
NET ASSETS, BEGINNING OF YEAR JUNE 30, 2023			\$ 2,405,705
PRIOR PERIOD ADJUSTMENT			(37,297)
NET ASSETS, END OF YEAR JUNE 30, 2024			\$ 2,504,266

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, 2024

	General	Special	Total	Management	
	Fund	Education	Program	&	
	Fund	Fund	Services	General	Total
Regular Programs	\$ 1,397,456	\$ -	\$ 1,397,456	\$ -	\$ 1,397,456
Special Education Programs	\$ 159,965	\$ 55,720	\$ 215,685	\$ -	\$ 215,685
Career & Technical Education Expenditures	\$ 15,469	\$ -	\$ 15,469	\$ -	\$ 15,469
Other Instructional Programs	\$ 63,047	\$ -	\$ 63,047	\$ -	\$ 63,047
Special Programs	\$ 116,563	\$ 898,196	\$ 1,014,759	\$ -	\$ 1,014,759
Pupil Support Services	\$ 151,624	\$ 46,237	\$ 197,861	\$ -	\$ 197,861
Instructional Staff Services	\$ 346,655	\$ 39,132	\$ 385,787	\$ -	\$ 385,787
General Administration	\$ -	\$ -	\$ -	\$ 124,610	\$ 124,610
School Administration	\$ -	\$ -	\$ -	\$ 825,283	\$ 825,283
Business Services	\$ -	\$ -	\$ -	\$ 115,839	\$ 115,839
Maint of Plant Services	\$ 412,316	\$ -	\$ 412,316	\$ -	\$ 412,316
Student Transportation	\$ 350,198	\$ 16,750	\$ 366,948	\$ -	\$ 366,948
Central Sevices	\$ 2,232	\$ -	\$ 2,232	\$ -	\$ 2,232
Food Services	\$ -	\$ 403,659	\$ 403,659	\$ -	\$ 403,659
Depreciation	\$ 19,127	\$ -	\$ 19,127	\$ -	\$ 19,127
Other Uses of Funds	\$ 38,881	\$ 41,369	\$ 80,250	\$ -	\$ 80,250
Amortization-Lease	\$ 516,109	\$ -	\$ 516,109	\$ -	\$ 516,109
Interest- Lease	\$ 1,219,223	\$ -	\$ 1,219,223	\$ -	\$ 1,219,223
TOTAL	\$ 4,808,865	\$ 1,501,063	\$ 6,309,928	\$ 1,065,732	\$ 7,375,660

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, 2024

<u>Cash Flows From Operating Activities:</u>			
Decrease in Net Assets		\$	(136,160)
Adjustments to reconcile net assets to net cash provided by operating activities:			
Depreciation/Amortization		\$	535,236
(Increase) decrease in operating assets:			
Receivables		\$	170,129
Prepays		\$	(10,824)
Interfund Accounts Recievable		\$	(368,901)
Increase (decrease) in operating liabilities:			
Accounts Payable		\$	(25,490)
Accounts Payable-Credit cards		\$	(16,058)
Other Accrues		\$	(130,066)
Accrued Salaries		\$	68,766
Payroll Deductions		\$	(91,414)
Right Of Use Liability Current		\$	6,018
Interfund Accounts Payable		\$	379,571
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$	380,807
Cash Flows From Investing Activities:		\$	-
Right-of-Use Liabilities		\$	(110,261)
NET INCREASE IN CASH AND CASH EQUIVALENTS		\$	270,546
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		\$	2,371,720
CASH AND CASH EQUIVALENTS AT JUNE 30, 2024		\$	2,642,266
INTEREST PAID		\$	1,219,223

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, 2024**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Education Explosion, Inc. d/b/a Impact Charter Elementary School, was incorporated 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 Eighth grade. The school is located at 4815 Levey Lane Baker, Louisiana. The Board of Directors is the intermediate authority, and it consists of seven 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 30, 2022, and is effective for the period July 1, 2022, through June 30, 2025.

Income Taxes

The Charter School is a nonprofit organization organized under the State of Louisiana and is exempt from taxation under section 501 (c) (3) of the internal Revenue Code.

Principles of Accounting

The financial statements of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** are prepared in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis.

Basis of Presentation

Education Explosion, Inc. d/b/a Impact Charter Elementary School follows the provisions of Not-For Profit Entities Topic of FASB (FASB ASC 958), which establishes external financial reporting for non-profit organization which includes three basis financial statements and the classifications of resources into three separate categories of net assets as follows. (Continued)

EDUCATION EXPLOSION, INC.
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IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

Basis of Presentation

Unrestricted Net assets which are free of donor-imposed restrictions: all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted-Net assets whose use by **Education Explosion, Inc. d/b/a Impact Charter Elementary School** is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Education Explosion, Inc. d/b/a Impact Charter School pursuant to such stipulations. There were no temporarily restricted net assets on June 30, 2024.

Permanently Restricted-Net assets whose use by **Education Explosion, Inc. d/b/a Impact Charter Elementary School** is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of **Education Explosion, Inc. d/b/a Impact Charter Elementary School**. There were no permanently restricted net assets on June 30, 2024.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the school considers all unrestricted, highly liquid investments with original maturities 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 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.

Support and Revenue

Louisiana State Board of Elementary Education

The school received an allocation based on the Minimum Foundation Program dollars per child through Louisiana State Board of Elementary & Secondary Education (BESE). This amount is allocated per child and is distributed to the school.

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

Advertising

Advertising costs are charged to program in the period in which the advertisement is placed. The school had \$51,358 in advertising costs for the period July 1, 2023, through June 30, 2024.

Compensation Absences

If an employee resigns, the employee is not entitled to leave compensation upon resignation. It's paid as an incentive bonus if they do not use all of their allocated leave time, and only if the end of year budget allows. Employees who are terminated may not receive any pay for remaining leave balances.

Budgetary Data

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

Right-to-Use Assets

The School has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to use lease assets are amortized on a straight-line basis over the life of the related lease.

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

NOTE B: **CASH IN BANK**

Education Explosion, Inc. d/b/a Impact Charter Elementary School maintains three accounts at one financial institution and the bank balance at 6/30/2024 was \$3,170,180 which is above the FDIC limit. 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 account in excess of FDIC insurance limits are insured by the Dodd-Frank Deposit Insurance Provision. The school feels that it is not exposed to significant credit risk on its cash balances.

NOTE C: **GRANTS RECEIVABLE**

State of LA \$ 440,682

NOTE D: **PROPERTY & EQUIPMENT**

Education Explosion, Inc. d/b/a Impact Charter Elementary School property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Assets acquired with the following thresholds are capitalized:

Building	\$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.

EDUCATION EXPLOSION, INC.
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NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED
JUNE 30, 2024

Depreciation expense amounted to \$19,127 as of June 30, 2024

On June 30, 2024, property and equipment consisted of the following:

	Balance		Balance
	June 30, 2023	Additions	June 30, 2024
Equipment	84,934	-	84,934
Building & Improvements	277,863	-	277,863
Less:			
Accumulated Depreciation	(69,150)	(19,127)	(88,277)
Total	<u>293,647</u>	<u>(19,127)</u>	<u>274,520</u>

NOTE E: FUNCTIONAL ALLOCATION OF EXPENSES

The cost 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 functional expenses.

NOTE F: OPERATING LEASE

The school leases a vehicle, copiers, and six school buses which are considered to be operating leases for a duration of 12 months or less. The lease costs on these items for the year ended June 30, 2024.

Vehicle	1,656	School Buses	110,550
Copier	19,064		

Estimated future schedule lease payments under the lease for the next year are as follows, these leases expire after June 20, 2024.

June 30, 2025 \$ -0-

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

NOTE G: LEASING ACTIVITIES

The School has financing leases for its building and for a vehicle. The lease agreements exhibit remaining terms ranging from 3 to 49 years.

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of June 30:

		2024	
Finance Leases-Right-of-use			
Property and equipment		\$ 24,917,917	
Accumulated depreciation		\$ (933,624)	
Property and equipment, net		\$ 23,984,293	
Other current liabilities- Lease		\$ 110,261	
Other long-term liabilities-Lease		\$ 24,474,327	
Total finance lease liabilities		\$ 24,584,588	

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

		2024	
Weighted Average Remaining Lease Term			
Finance leases		48.2 years	
Weighted Average Discount Rate			
Finance leases		6.00%	

The maturities of lease liabilities as of June 30, were as follows:

Year Ending June 30:		Finance	
2025		\$ 110,261	
2026		\$ 114,823	
2027		\$ 120,701	
2028		\$ 107,422	
Thereafter		\$ 24,464,710	
Total lease payments		\$ 24,917,917	
Less: interest		\$ (333,329)	
Present value of lease liabilities		\$ 24,584,588	

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

NOTE G: LEASING ACTIVITIES (CONTINUED)

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30:

		2024	
Finance lease costs:			
Amortization of lease assets included in general expenses		\$ 516,109	
Interest on lease liabilities included in general expenses		\$ 1,219,223	
Total finance lease costs		\$ 1,735,332	

NOTE H: RETIREMENT PLAN

All full-time employees of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** are eligible to participate in **Education Explosion, Inc. d/b/a Impact Charter Elementary School'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'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 \$10,413 to the Plan for the year **June 30, 2024**.

NOTE I: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

NOTE J: ACCOUNTS PAYABLE

On June 30, 2024, accounts payable consisted of the following:

Accounts Payable—Vendors	\$78,318
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EDUCATION EXPLOSION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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NOTE K: CONCENTRATION OF REVENUE SOURCE

Education Explosion, Inc. d/b/a Impact Charter Elementary School receives primarily all its support from the State of Louisiana through the State of Louisiana's Minimum Foundation Program. If the amount of support received should fall below award budgeted levels, 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 through 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 Charter Elementary 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. The organization has agreed to lease the school building for a term of 50 Years.

NOTE M: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents Education Explosion, Inc. d/b/a Impact Charter Elementary School financial assets on June 30, 2024.

Financial assets at year- end:

Cash and cash equivalents	\$2,642,266
Grants receivables	440,682
Total financial assets	\$3,082,948
Less those unavailable for general expenditures within one year.	-
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$3,082,948</u>

EDUCATION EXPLOSION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

NOTE N: PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the Organization identified an error in the reported net assets as of July 1, 2023, which resulted in the overstatement of net assets by \$272,018. This overstatement was identified as a result of an internal review conducted during the year. The total adjustment of \$272,018 consists of two components:

1. **Overstatement of opening net asset balance:** \$234,721
2. **Prior period adjustment for certain transactions:** \$37,297

Nature of the Error:

The overstatement of \$234,721 in the opening net asset balance was due to other accounting oversight. The prior period adjustment of \$37,297 was identified as a result of adjustments to prior period transactions.

Impact of the Adjustment:

The correction of this error has been reflected as an adjustment to the beginning net assets in the statement of activities and net assets. The restated opening net assets as of July 1, 2023 are as follows:

- Opening net assets, as previously reported: \$2,640,426
- Adjustment for prior period error: \$(234,721)
- Opening net assets, as restated: \$2,405,705

Effect on Current Year Financial Statements:

The correction of this prior period error has no impact on the financial results of the current fiscal year, including revenues, expenses, or change in net assets.

NOTE O: RELATED PARTY TRANSACTION

Friends of Impact Charter Schools, a non-profit organization, is currently leasing the school building to **Education Explosion, Inc. d/b/a Impact Charter Elementary School**. It is noteworthy that three members serving on the board of Friends of Impact Charter Schools also hold positions on the board of **Education Explosion, Inc. d/b/a Impact Charter Elementary School**. The lease agreement spans a duration of 50 years, with a monthly lease amount set at \$130,000.

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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NOTE P: LOUISIANA LEGISLATIVE AUDITOR INVESTIGATION AND FINDINGS

Currently, the Louisiana Legislative Auditor's office is actively engaged in an examination or project pertaining to **Education Explosion, Inc. d/b/a Impact Charter Elementary School**. This initiative is part of ongoing efforts to ensure transparency, accountability, and the effective functioning of **Education Explosion, Inc. d/b/a Impact Charter Elementary School**. The Legislative Auditor is committed to conducting a thorough and impartial examination to provide valuable insights and recommendations for the benefit of the public and the efficient operation of the agency.

At this time, the specific effects of the ongoing examination or project by the Legislative Auditor on the financial statements of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** are not definitively known. The nature and outcome of the inquiry may have implications for the financial reporting of the agency, and further details will be communicated as the examination progresses. The **Education Explosion, Inc. d/b/a Impact Charter Elementary School** is committed to maintaining transparency and will provide updates on any material impact on its financial statements as soon as more information becomes available."

Subsequently to the fiscal year ending June 30, 2024, the Louisiana Legislative Auditor (LLA) conducted an investigation into certain financial activities of Education Explosion, Inc. d/b/a Impact Charter Elementary School.

On February 5, 2025, the LLA issued a public report identifying significant internal control deficiencies and alleged financial irregularities involving former senior management. As a result of the findings, the Louisiana Board of Elementary and Secondary Education replaced the Organization's Board of Directors and appointed a new Chief Executive Officer.

Following the governance changes implemented as a result of the LLA's findings, the former Chief Executive Officer initiated litigation contesting her removal and the reconstitution of the Board of Directors.

Due to these events, the Organization experienced restricted access to historical financial records, which impacted the audit procedures necessary to complete the audit for the year ended June 30, 2024.

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

NOTE Q: **SUBSEQUENT EVENTS**

Management evaluated subsequent events through April 30, 2025, the date the financial statements were available to be issued.

On February 5, 2025, the Louisiana Legislative Auditor issued a report identifying significant deficiencies and irregularities involving the Organization's former senior management. Following this report, the Board of Directors and Chief Executive Officer were replaced.

During the subsequent events period, the former Chief Executive Officer filed a legal action disputing the changes in executive leadership and board governance following the Louisiana Legislative Auditor's report.

These subsequent events materially impacted the Organization's operations and contributed to the issuance of a disclaimer of opinion on the financial statements for the year ended June 30, 2024.

SUPPLEMENTARY INFORMATION

	Federal Assistance Listing	Pass-Through Grantor's		Total Federal Expenditures
<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Number</u>	<u>Number</u>		
United States Department of Education				
<i>Pass through Louisiana Department of Education</i>				
Special Education Cluster				
Special Education Grants to States	84.027A	28-22-B1-EE	\$ 72,963.00	
Special Education Grants to States	84-027A	28-21-11SA-EE	\$ 5,008.00	
Special Education Preschool Grants	84-173A	28-22PI-EE	\$ 1,895.00	\$ 79,866.00
Title 1-Grant to Local Educational Agencies	84.010A	28-22-T1-EE	\$ 304,885.00	
Title 1-Grant to Local Educational Agencies	84.010A	28-22-DSS-EE	\$ 183.00	
Title 1-Grant to Local Educational Agencies	84-010A	28-21-RD19-EE	\$ 73,519.00	\$ 378,587.00
Title II -Supporting Effective Instruction State Grant	84.367A	28-22-50-EE		\$ 6,234.00
Coronavirus Aide, Relief, and Economic Security Act (CARES ACT)				
Elementary and Secondary School Emergency Relief Fund	84.425D	28-21-ES2F-EE	\$ 11,710.00	
Elementary and Secondary School Emergency Relief Fund	84.425D	28-21-FS21-EE	\$ 539.00	
American Rescue Plan-ESSER	84.425U	28-21-425-EE	\$ 509,893.00	
American Rescue Plan-ESSER	84.425U	28-21-ES31-EE	\$ 46,739.00	
American Rescue Plan-ESSER	84.425U	28-21-ESEB-EE	\$ 81,854.00	
American Rescue Plan-ESSER-Homeless Children and Youth	84.425W	28-22-HARP-EE	\$ 8,260.00	\$ 658,995.00
Total- U.S. Department of Education				\$ 1,123,682.00
United States Department of Agriculture				
<i>Pass through Louisiana Department of Education</i>				
Child Nutrition Cluster				
School Breakfast Program	10.553	NA	\$ 106,312.00	
National School Lunch Program	10.555	NA	\$ 276,164.00	
CNP Snack Reimbursement	10.555	NA	\$ 6,556.00	
Summer Food Program	10.559	NA	\$ 9,343.00	\$ 398,375.00
Total United States Department of Agriculture				\$ 398,375.00
Total Federal Expenditures				<u>\$ 1,522,057.00</u>

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED
JUNE 30, 2024

NOTE A-Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes federal grant activity of Education Explosion, Inc. (Impact Charter Elementary School) under programs of the federal government for the year ended June 30, 2024. The information is that the SEFA is presented in accordance with requirements of the Uniform Guidance. Because the SEFA presents only a selected portion of the operations of the school it is not intended to and does not present the financial position, changes in net assets, or cash flows of the school.

NOTE B: Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursements.

NOTE C: Relationship to Financial Statements

Federal awards are included in federal sources in the statements of activities for the year ended June 30, 2024.

NOTE D: De Minimis Cost Rate

During the year ended June 30, 2024, the School did elect to use the 10% de minimis cost rate covered in 200.414 of the Uniform Guidance.

NOTE E: FUNCTIONAL ALLOCATION OF EXPENSES

The cost 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 functional expenses.

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

To the Board of Directors

**Education Explosion, Inc. d/b/a Impact Charter Elementary School
Baker, LA.**

We were engaged to audit, 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. d/b/a Impact Charter Elementary School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 , and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2024. Our report disclaims an opinion on such financial statements because of we were unable to obtain sufficient appropriate audit evidence.

Report on Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of Education Explosion, Inc. d/b/a Impact Charter Elementary School, we considered Education Explosion, Inc. d/b/a Impact Charter Elementary School'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 Education Explosion, Inc. d/b/a Impact Charter Elementary School's internal control. Accordingly, we do not express an opinion on the effectiveness of Education Explosion Inc. d/b/a Impact Charter Elementary School's internal control.

Our consideration of internal control was for the limited purpose described in the Basis for Disclaimer of Opinion Section of our Independent Auditor's Report. Due to restricted access to historical financial records and scope limitations, we were unable to determine whether material weaknesses or significant deficiencies existed.

Finding 2024-001 which describes the scope limitation that resulted in the disclaimer of opinion, is reported in the accompanying Schedule of Findings and Questioned Cost.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of Education Explosion, Inc. d/b/a Impact Charter Elementary School, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2024-002. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

Education Explosion, Inc. d/b/a Impact Charter Elementary School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Education Explosion Inc. d/b/a Impact Charter Elementary School's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. Education explosion, Inc. d/b/a Impact Charter Elementary School's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

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 organization's internal control or on compliance. This report is an integral part of an engagement to perform an audit 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.

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
April 30, 2025**

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

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

Report on Compliance for Each Major Federal Program

We were engaged to audit Education Explosion, Inc. d/b/a Impact Charter Elementary School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Major Federal Programs, for the year ended June 30, 2024.

We do not express an opinion on Education Explosion, Inc. d/b/a Impact Charter Elementary School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Major Federal Programs.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on Major Federal Programs section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Major Federal Programs.

Basis for Disclaimer of Opinion on Major Program

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the organization's compliance with the compliance requirements applicable to the Major Federal Programs as described in finding numbers 2024-001. As a result of these matters, we were unable to determine whether the Organization complied with the requirements applicable to Major Federal Program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Education Explosion, Inc. d/b/a Impact Charter Elementary School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our responsibility is to conduct an audit of compliance in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on Major Federal Programs section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, because of the matter described in the Basis for Disclaimer of Opinion on Major Federal Programs of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal control over compliance.

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.

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
April 30, 2025**

SUPPLEMENTARY INFORMATION

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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**

We were engaged to audit the financial statements of Education Explosion, Inc. d/b/a Impact Charter Elementary School (the "Organization") as of and for the year ended June 30, 2024. We did not express an opinion on the financial statements due to the significance of the matters described in our Independent Auditor's Report dated April 30, 2025.

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the **Education Explosion, Inc. d/b/a Impact Charter Elementary School** for the fiscal year ended June 30, 2024; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the **Education Explosion, Inc. d/b/a Impact Charter Elementary School** is responsible for its performance and statistical data.

The **Education Explosion, Inc. d/b/a Impact Charter Elementary School** has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper

amounts among 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

Difference-None

Class Size Characteristics (Schedule 2)

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

Difference: None

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

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

Difference-None

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Difference-None

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States

Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Education Explosion, Inc. d/b/a Impact Charter Elementary School required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
April 30, 2025**

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, 2024

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 percentage and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES-SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2024

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,683,176.00	
Other Instructional Staff Activities	\$ 314,450.00	
Instructional Staff Employee Benefits	\$ 304,970.00	
Purchased Professional and Technical Services	\$ 204,758.00	
Instructional Materials and Supplies	\$ 275,308.00	
Instructional Equipment	\$ -	
Total Teacher and Student Interaction Activities	\$ 2,782,662.00	\$ 2,782,662.00
Other Instructional Activities	\$ 63,047.00	\$ 63,047.00
Pupil Support Activities	\$ 197,861.00	
Less: Equipment for Pupil Support Activities	\$ -	
Net Pupil Support Activities		\$ 197,861.00
Instructional Staff Services	\$ 385,787.00	
Less: Equipment for Instructional Staff Services	\$ -	
Net Instructional Staff Services		\$ 385,787.00
School Administration	\$ 825,283.00	
Less: Equipment for School Administration	XXX	
Net School Administration	\$ 825,283.00	\$ 825,283.00
Total General Fund Instructional Expenditures (Total of Column B)		\$ 4,254,640.00
Total General Fund Equipment Expenditures		\$XXX
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$XXX
Renewable Ad Valorem Tax		XXX
Debt Service Ad Valorem Tax		XXX
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		XXX
Sales and Use Taxes		XXX
Total Local Taxation Revenue		\$XXX
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$XXX
Earnings from Other Real Property		XXX
Total Local Earnings on Investment in Real Property		\$XXX
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$XXX
Revenue Sharing - Other Taxes		XXX
Revenue Sharing - Excess Portion		XXX
Other Revenue in Lieu of Taxes		XXX
Total State Revenue in Lieu of Taxes		\$XXX
Nonpublic Textbook Revenue		\$XXX
Nonpublic Transportation Revenue		\$XXX

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, 2023**

	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	12%	55	32%	146	24.00%	110		
Elementary Activity Classes	12%	55	42%	146	24.00%	110		
Middle/Jr. High	8%	35	18%	80	6.00%	28		
Middle/Jr. High Activity Classes	8%	35	18%	80	6.00%	28		
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

See independent accountants' report on applying agreed upon procedures.

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Schedule of Finding and Questions Cost For the Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Disclaimer of Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? **Unable to determine**
- Significant deficiency(ies) identified? **Unable to determine**

Noncompliance material to financial statements noted? **Yes (Untimely Filing R.S. 24:513)**

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? **Unable to determine**
- Significant deficiency(ies) identified? **Unable to determine**

Type of auditor’s report issued on compliance for major programs: **Disclaimer of Opinion**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

Identification of major programs: **Unable to determine due to audit scope limitation**

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as low-risk auditee? **No**

Schedule of Finding and Questions Cost(continued)
For the Year Ended
June 30, 2024
(continued)

Section II – Financial Statement Findings

Finding 2024-001: Disclaimer of Opinion Due to Scope Limitation

Criteria:

Auditors are required to obtain sufficient appropriate audit evidence to support the financial statements, in accordance with generally accepted auditing standards.

Condition:

We were unable to obtain sufficient appropriate audit evidence due to restricted access to historical financial records. These limitations resulted from the Organization's governance changes, management turnover, and subsequent litigation involving former leadership.

Cause:

The Organization experienced a change in leadership following findings from the Louisiana Legislative Auditor. New management was unable to access certain records held under prior management. Efforts to obtain these records were unsuccessful.

Effect:

We were unable to complete audit procedures necessary to support the financial statements. As a result, we issued a disclaimer of opinion for the year ended June 30, 2024.

Recommendation:

The Organization should establish and enforce documentation retention policies and governance continuity procedures to ensure financial records remain accessible through periods of transition.

Views of Responsible Officials:

The Organization concurs with the finding and is implementing internal controls and retention policies to prevent future access limitations.

Finding 2024-002: Untimely Filing of Audit Report (R.S. 24:513 Noncompliance)

Criteria:

Louisiana Revised Statute (R.S.) 24:513 requires that audit reports for governmental entities be filed with the Louisiana Legislative Auditor within six months after the close of the entity's fiscal year.

Condition:

The audit report for the year ended June 30, 2024, was not filed timely. The audit was completed on April 30, 2025, but was delayed due to pre-issuance review findings, expanded audit procedures, and additional investigation-related limitations.

**Schedule of Finding and Questions Cost
For the Year Ended
June 30, 2024
(continued)**

Cause:

The delay resulted from complications associated with the Louisiana Legislative Auditor's report issued on February 5, 2025, which required additional audit procedures and significantly impacted access to financial records. Leadership changes and litigation further hindered the timely completion of the audit report.

Effect:

The Organization did not comply with R.S. 24:513 requirements for timely audit report submission.

Recommendation:

The Organization should implement a system of early internal review and document readiness to allow adequate time for audit completion and compliance with statutory deadlines.

Views of Responsible Officials:

The Organization concurs with the finding and intends to improve communication with auditors and enhance internal preparation to avoid future delays.

Finding 2024-003 Louisiana Legislative Auditors Investigation

Criteria:

Public funds allocated to Education Explosion, Inc. are intended solely for school-related purposes in accordance with state and federal laws, the Louisiana Constitution, and Education Explosion's internal governance and board oversight. All financial transactions must be transparent, authorized by the Board of Directors, and in line with approved budgets and ethical standards.

Condition:

The Chief Executive Officer engaged in multiple unauthorized and improper financial activities. These include:

- Diverting over \$1.5 million from Education Explosion to a nonprofit she controlled and another \$171,659 to third parties.
- Redirecting student and parent fee payments (over \$221,000) to accounts outside of the school's purview, including personal accounts.
- Receiving shared proceeds from school contracts.
- Using school funds for personal home construction, travel, vehicle purchases/leases, and education expenses.
- Employing school funds for the benefit of a building not owned by the school and withholding audit-relevant documentation.

**Schedule of Finding and Questions Cost
For the Year Ended
June 30, 2024
(continued)**

Cause:

These irregularities appear to have occurred due to:

- Lack of internal financial oversight and insufficient Board monitoring.
- Concentration of financial authority in the CEO's role without adequate checks and balances.
- Misrepresentation and/or nondisclosure of critical financial transactions to the Board.
- Weak or circumvented internal controls over procurement, financial disbursements, and personal reimbursements.

Effect:

- Public funds amounting to over \$2 million may have been misappropriated.
- Funds were used for non-educational and personal expenses including vehicles, vacations, personal education, and home improvements.
- Education Explosion's reputation, financial integrity, and compliance standing are compromised.
- Legal violations may have occurred, including breaches of the Louisiana Constitution and potential violations of state and federal laws, exposing the school and individuals to legal consequences.
- Undermined public trust in the governance of charter schools and misuse of taxpayer money.

Recommendation:

- Referral of findings to appropriate legal authorities for potential criminal prosecution.
- Recovery actions initiated for all unauthorized expenditures, including restitution from responsible individuals.
- Strengthen internal controls, including:
 - Mandatory dual-authorization for all financial disbursements.
 - Independent review of contracts and large expenditures.
 - Regular Board financial oversight and internal audits.
- Institute clear conflict of interest policies and Board training on fiduciary responsibilities.
- Require full disclosure of all affiliated organizations and personal financial interests of senior leadership.

**Schedule of Finding and Questions Cost
For the Year Ended
June 30, 2024**

Views of Responsible Officials:

The summary notes that the CEO withheld certain records and claimed ownership by a nonprofit she controlled as justification. Official responses to specific allegations, including any rebuttals or clarifications from the CEO or other implicated parties, are stated to be available in the full report published on the Louisiana Legislative Auditor's website. However, as per this summary, no adequate justification was provided for the financial diversions and personal benefit transactions.

Questioned Costs:

The total questioned costs identified in the audit report are estimated as follows:

Category	Amount
Funds diverted to a nonprofit she controlled & third parties	\$1,675,927
Parent/student payments misappropriated	\$221,506
Undeposited cash fees	\$71,487
Proceeds shared by contractor	\$50,625
Overbilling/personal residence construction	\$105,997
Landscaping for CEO's residence	\$5,156
Excess personal travel expenses	\$114,094
Personal vehicle-related expenses	\$166,520
Building improvements (non-school property)	\$129,493
Personal education/cleaning/training charges	\$88,607
Total Questioned Costs	<u>\$2,629,412</u>

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Summary Schedule of Prior Audit Finding For the Year Ended June 30, 2024

Federal Award Findings and Questioned Costs

Finding 2023-001 (Prior-Year Finding): Late Submission of Audit Report to the Federal Audit Clearinghouse

Condition: The audit report for the year ended June 30, 2023, was not filed within the nine-month reporting deadline as required by 2 CFR 200.512.

Status: Not Resolved

Corrective Action Plan

The organization has implemented corrective action, but further monitoring is necessary to ensure compliance in future years.

SUPPLEMENTARY INFORMATION

**EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
FOR THE YEAR ENDED
JUNE 30, 2024**

**Schedule of Compensation, Benefits,
And other payments to the
Agency Head or Chief Executive Officer**

Name	Salaries	Benefits Insurance	Benefits Retirement	Benefits Medicare	Per Diem	Reimbursements	Conference Travel	Special Meals	Totals
Chakesha Scott (Chief Executive Officer)	\$ 211,750.00	\$ 15,900.00	\$ 8,205.00	\$ 3,088.00	\$ -	\$ -	\$ 1,750.00	\$ -	\$ 240,693.00

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING STATE-WIDE AGREED-UPON PROCEDURES

To the Board of Directors

**Education Explosion, Inc. d/b/a Impact Charter Elementary School
Baker, LA**

We were engaged to audit the financial statements of Education Explosion, Inc. d/b/a Impact Charter Elementary School (the "Organization") as of and for the year ended June 30, 2024. We did not express an opinion on the financial statements due to the significance of the matters described in our Independent Auditor's Report dated April 30, 2025.

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period **July 1, 2023, through June 30, 2024**. Education Explosion, Inc. d/b/a Impact Charter Elementary School's management is responsible for those C/C areas identified in the SAUPs.

Education Explosion, Inc. d/b/a Impact Charter Elementary School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period **July 1, 2023 through June 30, 2024**. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities

and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual.

budget- to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁸ if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁹ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- b) Bank reconciliations include evidence that a member of management/board member who

does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations¹² and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits

and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's

representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

NA Single Audit Performed

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)¹⁴. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals

(for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

NA Single Audit Performed

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- a) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- b) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

NA Single Audit Performed

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

NA Single Audit Performed

Payroll and Personnel

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments.

Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

NA Single Audit Performed

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

The school is a nonprofit organization so this procedures does not apply.

Debt Service

20. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The school is a nonprofit organization so this procedures does not apply.

Fraud Notice

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
23. Observe the entity has posted, on its premises²¹ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.²²

Fraud notice was posted at the school but not on the school website.

Information Technology Disaster Recovery/Business Continuity

24. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions noted.

Sexual Harassment

25. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of

sexual harassment training during the calendar year.

26. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
27. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

The school is a nonprofit organization so these procedures do not apply.

Education Explosion engaged us, Inc. d/b/a Impact Charter Elementary School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Education Explosion, Inc. d/b/a Impact Charter Elementary School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Bobbie L. Howard
Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
April 30, 2025