

IDEA Public Schools NOLA, Inc.

FINANCIAL STATEMENTS

June 30, 2021 and 2020



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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors
IDEA Public Schools NOLA, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of IDEA Public Schools NOLA, Inc. (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 auditors' 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 School'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 School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

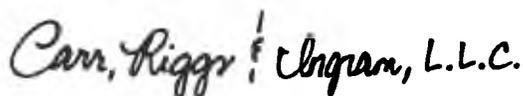
Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments made to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 November 29, 2022 on our consideration of the School'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Metairie, Louisiana
November 29, 2022



FINANCIAL STATEMENTS



Idea Public Schools NOLA, Inc.
Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 406,595	\$ 336,318
Restricted cash	2,908	1,223
Grants receivable	143,938	172,529
Due from subrecipient grantor	580,183	111,141
Due from management company	2,836	-
Total current assets	1,136,460	621,211
Property and equipment		
Equipment	139,263	139,263
Operating leases-improvements	526,849	526,849
Less: Accumulated depreciation	(221,722)	(76,414)
Property and equipment, net	444,390	589,698
Noncurrent assets		
Other assets	8,961	10,255
Total other assets	8,961	10,255
Total assets	\$ 1,589,811	\$ 1,221,164
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 42,181	\$ 34,347
Accrued expenses	113,952	32,781
Due to management company	1,150,162	606,194
Total current liabilities	1,306,295	673,322
Net assets		
Without donor restrictions	(372,867)	546,619
With donor restrictions	656,383	1,223
Total net assets	283,516	547,842
Total liabilities and net assets	\$ 1,589,811	\$ 1,221,164

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

Idea Public Schools NOLA, Inc.
Statement of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total
Public support and other revenues			
Grants - federal sources	\$ -	\$ 606,554	\$ 606,554
Grants - state and local sources	-	2,559,497	2,559,497
Grants - private sources	-	713,500	713,500
Miscellaneous	-	148,799	148,799
Net assets released from restrictions	3,373,190	(3,373,190)	-
Total public support and other revenues	3,373,190	655,160	4,028,350
Expenses			
<i>Program services</i>			
Instructional	1,651,739	-	1,651,739
School administration	877,558	-	877,558
Total program services	2,529,297		2,529,297
<i>Supporting services</i>			
Pupil support services	95,522	-	95,522
Instructional staff services	110,988	-	110,988
Management and general	192,032	-	192,032
Business services	56,728	-	56,728
Ancillary services	1,281,978	-	1,281,978
Fundraising	26,132	-	26,132
Total supporting services	1,763,379		1,763,379
Total expenses	4,292,676	-	4,292,676
Changes in net assets	(919,486)	655,160	(264,326)
Net assets at beginning of year	546,619	1,223	547,842
Net assets at end of year	\$ (372,867)	\$ 656,383	\$ 283,516

The accompanying footnotes are an integral part of this financial statement.

Idea Public Schools NOLA, Inc.
Statement of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total
Public Support and Other Revenues			
Grants - federal sources	\$ -	\$ 614,393	\$ 614,393
Grants - state and local sources	-	1,995,887	1,995,887
Grants - private sources	-	1,603,750	1,603,750
Miscellaneous	-	4,450	4,450
Net assets released from restrictions	4,217,257	(4,217,257)	-
Total public support and other revenues	4,217,257	1,223	4,218,480
Expenses			
<i>Program services</i>			
Instructional	1,291,495	-	1,291,495
School administration	809,852	-	809,852
Total program services	2,101,347		2,101,347
<i>Supporting services</i>			
Pupil support services	195,755	-	195,755
Instructional staff services	87,565	-	87,565
Management and general	171,987	-	171,987
Business services	31,667	-	31,667
Ancillary services	1,326,209	-	1,326,209
Fundraising	4,013	-	4,013
Total supporting services	1,817,195		1,817,195
Total expenses	3,918,542	-	3,918,542
Changes in Net Assets	298,715	1,223	299,938
Net assets at beginning of year	247,904	-	247,904
Net assets at end of year	\$ 546,619	\$ 1,223	\$ 547,842

The accompanying footnotes are an integral part of this financial statement.

Idea Public Schools NOLA, Inc. Statement of Functional Expenses

<i>For the year ended June 30.</i>	Program Services			Supporting Services					Supporting services subtotal	2021 Total	
	Instructional	School administration	Programs services subtotal	Pupil support Services	Instructional staff services	Management and general	Business services	Ancillary services			Fundraising
Audit services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,000	\$ -	\$ -	\$ -	\$ 29,000	\$ 29,000
Contracted services	96,821	151,349	248,170	79,479	51,235	6,147	421	50,177	4,499	191,959	440,129
Depreciation	143,112	-	143,112	-	-	2,196	-	-	-	2,196	145,308
Food	-	-	-	-	-	-	-	104,112	-	104,112	104,112
Insurance	-	-	-	-	-	-	-	91,649	-	91,649	91,649
Legal services	-	-	-	-	-	39,846	-	-	-	39,846	39,846
Miscellaneous	-	-	-	-	-	10,501	60	-	-	10,561	10,561
Non-food	-	-	-	-	-	-	-	8,616	-	8,616	8,616
Operating leases	93,525	-	93,525	-	-	-	-	51,752	-	51,752	145,276
Other professional services	94,611	-	94,611	-	-	-	-	140	-	140	94,751
Rentals - one time	-	-	-	-	-	-	-	361	-	361	361
Repairs and maintenance	12,629	513	13,142	-	1,302	-	-	236,205	-	237,506	250,649
Salaries and benefits	978,064	704,843	1,682,908	16,043	33,085	102,261	56,247	574,103	21,561	803,299	2,486,207
Supplies	137,287	7,722	145,009	-	23,260	52	-	59,392	71	82,775	227,784
Testing and reading materials	6,665	-	6,665	-	1,857	-	-	-	-	1,857	8,522
Textbooks	50,053	-	50,053	-	-	-	-	-	-	-	50,053
Travel	428	7,915	8,344	-	250	2,028	-	19,497	-	21,775	30,118
Utilities	38,543	5,215	43,758	-	-	-	-	85,975	-	85,975	129,733
Total	\$ 1,651,739	\$ 877,558	\$ 2,529,297	\$ 95,522	\$ 110,988	\$ 192,032	\$ 56,728	\$ 1,281,978	\$ 26,132	\$ 1,763,379	\$ 4,292,676

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

Idea Public Schools NOLA, Inc.
Statement of Functional Expenses

<i>For the year ended June 30,</i>	Program Services			Supporting Services							2020 Total
	Instructional	School administration	Programs services subtotal	Pupil support Services	Instructional staff services	Management and general	Business services	Ancillary services	Fundraising	Supporting services subtotal	
Audit services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,000	\$ -	\$ -	\$ -	\$ 28,000	\$ 28,000
Consulting services	-	-	-	1,500	-	-	-	-	-	1,500	1,500
Contracted services	42,534	124,276	166,810	58,518	78,088	9,697	90	208,950	70	355,414	522,224
Depreciation	74,216	-	74,216	-	-	2,197	-	-	-	2,197	76,413
Dues	2,000	-	2,000	-	-	-	-	-	-	-	2,000
Food	-	-	-	-	-	-	-	140,090	-	140,090	140,090
Insurance	-	-	-	-	-	12,834	-	56,639	-	69,473	69,473
Legal services	-	-	-	-	-	33,344	-	-	-	33,344	33,344
Miscellaneous	-	652	652	139	-	-	-	2,957	-	3,096	3,747
Non-food	-	-	-	-	-	-	-	15,865	-	15,865	15,865
Operating leases	10,381	465	10,846	-	-	-	-	57,608	-	57,608	68,454
Other professional services	39,023	-	39,023	-	-	8,989	-	18,324	-	27,313	66,336
Rentals - one time	358	1,347	1,705	-	-	200	-	-	-	200	1,905
Repairs and maintenance	7,100	1,975	9,075	-	-	-	-	78,684	-	78,684	87,760
Salaries and benefits	874,818	627,784	1,502,602	131,689	1,292	66,471	31,441	587,151	-	818,044	2,320,646
Staff tuition fees	-	-	-	-	-	-	-	632	-	632	632
Supplies	145,670	37,439	183,109	3,566	3,366	9,183	33	39,723	1,862	57,732	240,841
Testing and reading materials	3,798	-	3,798	-	4,820	-	-	-	-	4,820	8,618
Textbooks	67,802	-	67,802	-	-	-	-	-	-	-	67,802
Travel	97	15,914	16,011	343	-	1,071	103	21,622	2,080	25,219	41,230
Utilities	23,697	-	23,697	-	-	-	-	97,964	-	97,964	121,661
Total	\$ 1,291,495	\$ 809,852	\$ 2,101,347	\$ 195,755	\$ 87,565	\$ 171,987	\$ 31,667	\$ 1,326,209	\$ 4,013	\$ 1,817,195	\$ 3,918,542

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

Idea Public Schools NOLA, Inc.
Statements of Cash Flows

<i>For the year ended June 30,</i>	2021	2020
Operating Activities		
Changes in net assets	\$ (264,326)	\$ 299,938
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	145,308	76,413
Changes in operating assets and liabilities:		
Grants receivable	28,591	(172,529)
Due from subrecipient grantor	(469,042)	(84,141)
Other current assets	1,294	(8,540)
Accounts payable	7,834	12,621
Accrued expenses	81,171	31,947
Due to management company	541,132	540,431
Net cash provided by (used in) operating activities	71,962	696,140
Investing Activities		
Purchases of equipment	-	(666,111)
Net cash provided by (used in) investing activities	-	(666,111)
Net change in cash, cash equivalents, and restricted cash	71,962	30,029
Cash, cash equivalents, and restricted cash at beginning of year	337,541	307,512
Cash, cash equivalents, and restricted cash at end of year	\$ 409,503	\$ 337,541
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 406,595	\$ 336,318
Restricted cash	2,908	1,223
Cash, cash equivalents, and restricted cash at end of year	\$ 409,503	\$ 337,541

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

IDEA Public Schools NOLA, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

IDEA Public Schools NOLA, Inc. (the School) is a Louisiana nonprofit corporation formed in January 2017. The School operates and does business as Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools NOLA. The School is an Orleans Parish School Board authorized, open enrollment Type 1 charter school. The Orleans Parish School Board pursuant to Chapter 2, Title 12 of the Louisiana Revised Statutes grants the Contract for Charter. The School provides educational services to students in grades Kindergarten (K) through 7. The School commenced operations during the 2019-2020 school year. On December 16, 2021, the School's Board of Directors voted to surrender the charter and implement school closure effective June 30, 2022.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures 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. Actual results that are particularly susceptible to significant change in the near term are related to depreciation and the functional allocation of expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by state law for the use of student activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Equipment	3-7 years
Operating leases - improvements	The lesser of 10-15 years or the remaining life of the School's charter

Impairment of Long-Lived Assets

The School reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors.

The School did not recognize an impairment loss during the years ended June 30, 2021 and 2020.

Net Assets

The School reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the School, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

When a 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 by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

A significant portion of the School's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and locally from Orleans Parish School Board. For the years ended June 30, 2021 and 2020, the School received \$8,604 and \$9,642, respectively, in MFP funding per eligible student in attendance at the official pupil count date of October 1, 2020 and 2019. MFP revenue accounts for 64% and 47%, respectively, of the School's total revenue for the year ended June 30, 2021 and 2020.

A portion of the School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Federal grants accounted for 15% and 15%, respectively, of the School's total revenue for the years ended June 30, 2021 and 2020.

The School's policy is to report restricted support as with donor restrictions regardless of whether or not the restrictions are satisfied within the same fiscal year. Donations are reported as released from restrictions in the statements of activities when the restriction expired (that is, a stipulated time restriction ends or purpose restriction is accomplished).

The School recognizes MFP, donations, and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special event and fundraising revenues are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the School recognized revenue when persuasive evidence of an arrangement existed, delivery of products or occurrence of services had occurred, the transaction price was fixed or determinable and collectability was reasonably assured. Special event and fundraising revenues received in advance are deferred and recognized over the periods to which the dates and costs relate. These amounts are included in performance obligation liabilities within the statements of financial position.

In-Kind Support

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. For the year ended June 30, 2021, the School received donated management and administrative services in the amount of \$127,975, which are included in miscellaneous revenues on the statement of activities. For the year ended June 30, 2020, the School did not receive in-kind goods or services that were significant in amount.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The financial statements of the School report certain categories of expenses that are attributable to more than one program or supporting function. The expenses are allocated based on actual time and effort.

Income Taxes

The School had received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service (IRS) and, accordingly, was not subject to federal or state income tax unless the School had unrelated trade or business income. There was no unrelated trade or business income for the years ended June 30, 2021 and 2020. Effective July 1, 2019, the IRS revoked the School's tax exempt status due to untimely filing of required information returns. The School is currently working with the IRS to have the tax exempt status reinstated. Taxes, interest, and penalties related to the revocation of the tax exempt status cannot be determined at this time, thus, there are no amounts accrued as of June 30, 2021 and 2020.

The School utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2021 and 2020, the School has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 29, 2022. See Notes 8 and 10 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

Effective July 1, 2020, the School adopted ASC 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment to net assets recognized upon adoption. Therefore, the 2020 financial statements have not been restated and continue to be reported under the accounting standards in effect for that year. There was no cumulative adjustment necessary to record upon adoption of ASC 606 for the year ended June 30, 2021.

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As of June 30, 2021, the School had \$1,136,460 of financial assets available within one year of the statement of financial position date consisting of cash of \$409,503 and grants and other receivables of \$726,957. Financial assets of \$2,908 were subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. As of June 30, 2020, the School had \$621,211 of financial assets available within one year of the statement of financial position date consisting of cash of \$337,541 and grants and other receivables of \$283,670. Financial assets of \$1,223 were subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The School has a goal to maintain financial assets, consisting of cash on hand, to meet 30 days of operating expenses. Management estimates 30 days of operating expenses to be \$347,000 and believes it has appropriate available financial resources as of June 30, 2021. As part of its liquidity management, the School maintains cash accounts at a local bank which pays interest on the balances maintained.

IDEA Public Schools NOLA, Inc.
Notes to Financial Statements

Note 4: GRANTS RECEIVABLE

Grants receivable are deemed to be fully collectible by management and were comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Child Nutrition	\$ 37,183	\$ 49,060
Charter School Program	-	62,081
Title I	82,097	123,975
Title 4A	6,872	4,337
IDEA Part B	23,313	44,217
Title 2	29,288	-
IDEA Preschool	2,368	-
New School Baton Rouge	543,000	-
Total grants receivables	\$ 724,121	\$ 283,670

The School acts as a subrecipient for several of its grant awards. At June 30, 2021 and 2020, the School had \$580,183 and \$111,141 due from grantors under this sub recipient relationship, which is included in the amounts above.

Note 5: NET ASSETS

Net assets with donor restrictions at June 30, 2021 and 2020 consisted of the following:

Grantor	Purpose	2021	2020
New Schools Baton Rouge	Covid-19 expenses	\$ 543,000	\$ -
Pro Bono Publico Foundation	New Orleans Literacy Remediation Program	10,000	-
Rockefeller Philanthropy	Social and emotional learning projects	20,638	-
Share Our Strength	Ending childhood hunger	79,837	-
Campus Activity Fund	Student activities	2,908	1,223
Total		\$ 656,383	\$ 1,223

Net assets released from donor restrictions by incurring expenses, or effectively satisfying the purpose/time restrictions specified by donors as of June 30, 2021 and 2020 was \$3,373,190 and \$4,217,257, respectively.

NOTE 6: REVENUE

The School recognizes revenue over time for its fundraising. As of June 30, 2021, there are no performance obligations to be satisfied. The School's method of recognizing revenue is to recognize the revenue when the fundraising event occurs. Fundraising revenue for the year ended June 30, 2021 was not material to the financial statements. There were no contract assets, contract liabilities, or receivables from contracts as of June 30, 2021 or 2020.

NOTE 7: CONCENTRATION OF CREDIT RISK

The School maintains its cash balances at a financial institution located in New Orleans, Louisiana. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. As of June 30, 2021 and 2020, the uninsured portion of the School's balances was \$161,064 and \$86,778, respectively. Management has not experienced any losses in such accounts and does not believe the School is exposed to significant risk.

Note 8: OPERATING LEASES

Student Transportation (Buses)

The School leased several school buses for student transportation purposes under a 72-month lease agreement commencing August 1, 2019. Lease payments under the lease are \$3,352 per month. The leases are scheduled to terminate on July 30, 2025. Since the School surrendered its charter effective June 30, 2022, the leases were transferred to various campuses in Louisiana based on where the students were expected to attend effective July 1, 2022.

Administrative Transportation (Van)

The School leased several vans for administrative transport purposes under a 44-month lease agreement commencing November 15, 2018. Lease payments under the lease are \$465 per month. The lease is scheduled to terminate on July 15, 2022. Since the School surrendered its charter effective June 30, 2022, the lease was allowed to terminate at its original termination date.

Office Equipment

The School leased several pieces of office equipment for administrative purposes under a 36-month lease agreement commencing September 1, 2019. Lease payments under the lease are \$2,203 per month. The lease was scheduled to terminate on August 31, 2022. In accordance with the lease agreement, the lease was automatically renewed through August 31, 2023. The School is currently negotiating with the lessor to buy out the remaining portion of the lease agreement.

Note 8: OPERATING LEASES (Continued)

Computer Equipment

The School leased several pieces of computer equipment for educational purposes under various lease agreements commencing September 1, 2019. Lease payments under the leases are \$5,125 per month. The leases are scheduled to terminate between January 1, 2023 and January 31, 2025. Since the School surrendered its charter effective June 30, 2022, the leases were transferred to IDEA Public Schools of Louisiana, Inc.

As of June 30, 2021, future lease payments on long-term noncancelable operating leases are as follows:

Years ending June 30:	
2022	\$ 133,911
2023	26,898
2024	4,406
Total	\$ 165,215

As of June 30, 2021 and 2020, the rental expense for the School was \$145,638 and \$70,359, respectively.

Note 9: MANAGEMENT COMPANY

The School has a contract for certain management and administrative services which is based on 5 percent (5%) of revenues. Also, the management company will pay for certain direct expenses for which the School will reimburse the management company. For the years ended June 30, 2021 and 2020, \$127,975 and \$116,618, respectively, were incurred for management and administrative services. For the years ended June 30, 2021 and 2020, \$2,530,870 and \$2,390,479, respectively, were incurred for reimbursable direct expenses consisting of contracted employees, occupancy/rent, insurance, supplies, travel, and other costs for the direct benefit of the School. At June 30, 2021 and 2020, the School had \$1,150,162 and \$606,194, respectively, payable to the management company for direct expenses.

Note 10: SUBSEQUENT EVENTS

On December 16, 2021, the Board of Directors voted to surrender the charter of the School and implement school closure effective June 30, 2022.

As a result of the surrender of the charter, the School transferred all property and equipment to another Louisiana school, IDEA Public Schools Louisiana, Inc., on June 30, 2022.



SUPPLEMENTARY INFORMATION



Idea Public Schools NOLA, Inc.
Schedule of Compensation, Benefits and Other Payments Made to Agency Head
For the Year Ended June 30, 2021

Agency Head Name: Kenneth Campbell, Executive Director

PURPOSE	AMOUNT
Contracted Salary	\$ 37,227
Contracted Benefits-health insurance	1,107
Contracted Benefits-retirement	1,478
Contracted Deferred compensation	-
Contracted Workers comp	233
Contracted Benefits-life insurance	-
Contracted Benefits-long term disability	-
Contracted Benefits-FICA and Medicare	2,321
Car allowance	1,050
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
Total	\$ 43,415

Note: Kenneth Campbell is contracted as the Executive Director for multiple organizations. The amounts above represent only the portion of payments made to Kenneth Campbell during the year which are attributable to IDEA Public Schools NOLA, Inc.



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

Board of Directors
IDEA Public Schools NOLA, Inc.
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of IDEA Public Schools Nola, Inc. (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2021, 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 November 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-002.

The School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
November 29, 2022

Idea Public Schools NOLA, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | Yes |

Section II – Financial Statements Findings

**Finding 2021-001 Material Weakness – Internal Controls over Financial Reporting –
FINANCIAL CLOSE/ACCOUNT RECONCILIATION**

Criteria: In accordance with the School's Bylaws, Section 8.5 Books and Records, the School "shall keep correct and complete books and records of account."

Condition: Due to audit procedures, material adjustments were necessary in order to correct/update the books and records of the School as of June 30, 2021. Prior to the adjustments, receivables were overstated by \$311,083, payables were overstated by \$430, revenue was overstated by \$182,678, and expenses were understated by \$127,975.

Cause: Due to significant changes in management near year-end, the books and records of the School were not completely and appropriately reconciled and closed prior to audit procedures.

Effect: Receivables, revenue, and expenses were materially misstated prior to the adjustments.

Recommendation: We recommend that the School implement and monitor controls to ensure all accounts are reconciled and closed timely after the end of each fiscal period.

Management Response: See corrective action plan on page 22.

Idea Public Schools NOLA, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Finding 2021-002 Noncompliance – STUDENT ELIGIBILITY (Originated in 2020)

Criteria: The School should review and maintain student file documentation prior to acceptance each year to determine that the student exists and is a resident of Orleans Parish and, thus, eligible to attend the School as required by the charter agreement and for the School to be eligible to receive local MFP revenue related to each eligible student.

Condition: The School did not maintain documentation that it reviewed student eligibility prior to acceptance for the 2020-2021 school year. 22 of 60 files tested did not contain documentation that the student resided within Orleans Parish. 13 of 60 files tested did not contain documentation such as birth certificate or social security card to support that the student existed.

Cause: The School did not implement appropriate controls to ensure documentation of existence and eligibility was maintained.

Effect: Local Minimum Foundation Program revenue could be collected for fictitious students or students that do not reside within Orleans Parish.

Recommendation: We recommend that the School revise and implement controls to maintain documentation of student existence and eligibility.

Management Response: See corrective action plan on page 22.

Section III – Management Letter

No management letter was issued.

Section IV – Summary Schedule of Prior Audit Findings

Finding 2020-001 Noncompliance – STUDENT ELIGIBILITY

Criteria: The School's management is responsible for designing, implementing, and maintaining proper system for appropriate admission decisions and the requirements are applied on a consistent basis (LA R.S. 17:3991(B)(3)) and that all students reside within the jurisdiction of the school (LA R.S. 17:3991(C)(1)(a)).

Recommendation: We recommend the School design and implement procedures necessary to ensure that system for proper admission decisions are applied on a consistent basis and that residential jurisdiction and existence of the student is determined prior to admission and proper documentation is retained.

Management's Response: Not Resolved; See Finding 2021-002

CORRECTIVE ACTION PLAN

November 29, 2022

IDEA Public Schools NOLA, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC
111 Veterans Blvd
Suite 350
Metairie, LA 70005

Audit Period:

Fiscal Year July 1, 2020 through June 30, 2021

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the Schedule of Findings and Questioned Costs.

FINANCIAL STATEMENT FINDINGS

Finding #2021-001 – Material Weakness – Internal Controls over Financial Reporting – FINANCIAL CLOSE / ACCOUNT RECONCILIATION

Status: In progress.

Planned corrective action: The Business Office will establish supplemental internal control procedures regarding the monthly financial close process and account reconciliation, including additional reviews of receivables and accrued expenses to ensure recording in the proper accounting period. The process will detail the proper recognition of revenue and expense in the period the revenue is earned, expense is incurred and creating a process to verify receivables and accrued expenses are true and accurate.

The Business Office will also develop a Standard Operating Procedure (SOP) for completing the monthly close out process timely. This SOP will outline actions for proper account reconciliation of receivables and accrued expenses, including proper recognition of revenue and expense monthly. The SOP will identify the personnel responsible for completing each step in the process to maintain integrity and proper review of the transactions and development of the monthly reports.

The Business Office will provide training to all staff with specific roles related to the monthly close process, account reconciliation and proper procedures for bank reconciliations. The training will further define accounting concepts for staff related to proper recognition of revenue and expense, proper account reconciliation for receivables and accrued expenses and the cut off period.

Responsible officers: Carlo Hershberger, Senior Vice President of Finance/Controller; Guadalupe Hinojosa, Managing Director of Accounting

Estimated completion date: January 31, 2023

Finding #2021-002 – Noncompliance – STUDENT ELIGIBILITY

Status: In progress.

Planned corrective action: The Student Information Systems (SIS) team has established additional internal control procedures, training, and auditing to ensure collection of documentation of student existence and eligibility at the time of registration, and to ensure that information is appropriately retained.

The Student Information Systems team has developed a clear list of acceptable documentation for students to provide to prove student existence and verify eligibility. The list outlines which specific documents, or the requirements for alternate documents not listed, are acceptable for proof of student existence and eligibility according to Louisiana guidelines. This information is collected during the student registration process, and then reviewed and verified by members of campus staff (Ex: SIS Coordinators, Registrars, and Student Enrollment Coordinators) before a student’s registration is processed into our Student Information System.

The Student Information Systems team, in partnership with our Enrollment team, has provided training to all staff who complete this verification process and are responsible for these student records.

Further, in accordance with Louisiana student privacy laws, the Student Information Systems team will retain documents for proof of student existence and eligibility when students transfer or leave IDEA Public Schools.

Finally, the Student Information Systems team will, at least annually, audit a random sample of student records to ensure that the appropriate documentation is retained for each student and that the information entered into the SIS platform accurately reflects the documents collected.

Responsible officers: Matthew Sawyer, Vice President of Information Systems, and Inelba Figueroa Managing Director of Student Information Systems.

Estimated completion date: December 31, 2022



IDEA Public Schools NOLA, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2021



Carr, Riggs & Ingram, LLC
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Metairie, LA 70005

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
IDEA Public Schools NOLA, Inc.,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of IDEA Public Schools NOLA, Inc. (a nonprofit organization) (the School) for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. The School's management is responsible for the performance and statistical data.

The 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.

Our procedures and results are as follows:

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

1. We will select a sample of 25 transactions, review supporting documentation, and observe 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, and
 - Nonpublic Transportation Revenue.

Results: No exceptions were found as a result of applying the procedure.

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as report on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: Exceptions noted; four (4) of ten (10) classes were incorrectly reported on the schedule.

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

3. We will obtain 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: No exceptions were found as a result of applying the procedure.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We will obtain 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results: Exceptions noted; one (1) of twelve (12) individuals' base salary was incorrectly reported on the June 30, 2021 PEP data. NOTE: Twelve (12) individuals were tested as there were only 12 teachers as of June 30, 2021.

We were engaged by the 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 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 engagement, 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.

We are required to be independent of the 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 the performance and statistical data accompanying the annual financial statements of IDEA Public Schools NOLA, Inc., as 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.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
November 29, 2022

IDEA PUBLIC SCHOOLS NOLA, INC.
SCHEDULE 1

**General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2021**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 661,057	
Other instructional staff activities	143,540	
Instructional Staff Employee benefits	127,843	
Purchased professional and technical services	277,574	
Instructional materials and supplies	55,909	
Less instructional equipment	-	
Total teacher and student interaction activities		1,265,923

Other instructional activities		10,014
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Pupil support activities	92,022	
Less equipment for pupil support activities	-	
Net pupil support activities		92,022

Instructional Staff Services	59,809	
Less equipment for instructional staff services	-	
Net instructional staff services		59,809

School Administration	1,818,440	
Less: Equipment for School Administration	-	
Net School Administration		1,818,440

Total general fund instructional expenditures		\$ 3,246,208
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IDEA PUBLIC SCHOOLS NOLA, INC.
SCHEDULE 2

CLASS SIZE CHARACTERISTICS
As of October 1, 2020

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	1%	1	6%	4	56%	38	22%	15
Elementary Activity Classes	-	-	1%	1	10%	7	3%	2
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-



NOLA Headquarters
804 Main Street
Baton Rouge, Louisiana 70802
(225) 571-5910

November 29, 2022

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
IDEA Public Schools NOLA, Inc.

Dear Sirs:

IDEA Public Schools NOLA, Inc. will review policies and procedures regarding class classification and Profile of Educational Personnel (PEP) reporting to make appropriate changes to improve proper classification of classes for class size characteristics and proper base salary being reported on the PEP report.

Sincerely,

A handwritten signature in black ink that reads "Matthew Sawyer". The signature is written in a cursive, flowing style.

Matthew Sawyer
VP of Information Systems