

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2020

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Helix Network of Educational Choices
D/B/A Mentorship Academy
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY** (a non-profit organization) (the Academy), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the School has adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Academy's 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 15 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 December 23, 2020, on our consideration of the Academy'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 23, 2020

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(with comparative amounts for 2019)

ASSETS

CURRENT ASSETS	2020	2019
Cash	\$ 618,166	\$ 145,224
Receivables	546,306	567,435
Prepaid expenses and other	<u>59,651</u>	<u>40,000</u>
Total current assets	1,224,123	752,659
PROPERTY, net	<u>912,281</u>	<u>1,050,500</u>
Total assets	<u>\$ 2,136,404</u>	<u>\$ 1,803,159</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	\$ 149,081	\$ 320,164
Accrued salaries and benefits	261,934	289,811
Student activity funds	7,894	4,803
Line of credit	240,000	240,000
Capital lease obligations, current portion	28,903	33,283
Notes payable, current portion, less unamortized loan issuance costs	<u>809,230</u>	<u>38,729</u>
Total current liabilities	1,497,042	926,790
LONG-TERM LIABILITIES		
Capital lease obligations, less current portion	20,696	49,599
Notes payable, less current portion and unamortized loan issuance costs	<u>-</u>	<u>810,685</u>
Total liabilities	1,517,738	1,787,074
NET ASSETS		
Without donor restrictions	590,043	16,085
With donor restrictions	<u>28,623</u>	<u>-</u>
Total net assets	<u>618,666</u>	<u>16,085</u>
Total liabilities and net assets	<u>\$ 2,136,404</u>	<u>\$ 1,803,159</u>

The accompanying notes to financial statements
are an integral part of this statement.

HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020
(with comparative amounts for 2019)

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2020	2019
REVENUES AND SUPPORT				
State grant - Minimum Foundation Program (MFP)	\$ 6,109,773	\$ -	\$ 6,109,773	\$ 5,967,420
Federal grants:				
Food program	321,225	-	321,225	326,912
Title I	93,909	-	93,909	102,454
Contributions	2,366	722,400	724,766	27,658
Other income	94,766	-	94,766	104,115
Total revenues and support	6,622,039	722,400	7,344,439	6,528,559
Changes in net asset restrictions:				
Released from restrictions	693,777	(693,777)	-	-
Total revenues, support, and restrictions	7,315,816	28,623	7,344,439	6,528,559
EXPENSES				
Program services	4,080,554	\$ -	\$ 4,080,554	\$ 4,220,260
Operations and maintenance	1,603,658	-	1,603,658	1,518,287
General and administrative	1,057,646	-	1,057,646	1,122,733
Total expenses	6,741,858	-	6,741,858	6,861,280
Changes in net assets	573,958	28,623	602,581	(332,721)
NET ASSETS				
Beginning of year	16,085	-	16,085	348,806
End of year	\$ 590,043	\$ 28,623	\$ 618,666	\$ 16,085

The accompanying notes to financial statements
are an integral part of this statement.

HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020
(with comparative amounts for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 602,581	\$ (332,721)
Adjustments to reconcile change in net asset to net cash provided by operating activities:		
Depreciation expense	138,219	144,234
Amortization of loan issuance costs, included in interest expense	-	5,297
Change in operating assets and liabilities:		
Decrease (increase) in receivables	21,129	(28,945)
Increase in prepaid expenses and other	(19,651)	(40,000)
Increase (decrease) in accounts payable and other liabilities	<u>(195,869)</u>	<u>204,584</u>
Net cash provided (used) by operating activities	<u>546,409</u>	<u>(47,551)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	722,400	-
Borrowings from line of credit	-	40,000
Payments on notes payable	(762,584)	(19,679)
Payments on capital lease obligations	<u>(33,283)</u>	<u>(30,875)</u>
Net cash used by financing activities	<u>(73,467)</u>	<u>(10,554)</u>
Net increase (decrease) in cash	472,942	(58,105)
CASH		
Beginning of year	<u>145,224</u>	<u>203,329</u>
End of year	<u>\$ 618,166</u>	<u>\$ 145,224</u>
Supplemental disclosure of noncash investing and financing activities:		
Assets acquired through capital lease obligation	<u>\$ -</u>	<u>\$ 91,765</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 59,624</u>	<u>\$ 57,477</u>

The accompanying notes to financial statements
are an integral part of this statement.

HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020
(with summarized comparative totals for 2019)

	<u>Function</u>			<u>Totals</u>	
	<u>Program</u>	<u>Operations and</u>	<u>General and</u>		
	<u>Services</u>	<u>Maintenance</u>	<u>Administrative</u>	<u>2020</u>	<u>2019</u>
Salaries and benefits	\$ 3,145,805	\$ -	\$ 570,804	\$ 3,716,609	\$ 3,709,297
Rent	-	1,002,608	-	1,002,608	888,553
Professional services	87,849	89,384	353,187	530,420	592,990
Student transportation	341,190	-	-	341,190	408,507
Food and beverage	316,503	-	-	316,503	328,874
Materials and supplies	113,584	59,314	18,995	191,893	181,116
Depreciation	-	138,219	-	138,219	144,234
Repairs and maintenance	-	86,266	-	86,266	86,182
Utilities	-	85,134	-	85,134	92,625
Insurance	-	-	82,735	82,735	100,807
Property taxes	-	64,510	-	64,510	62,584
Interest	-	59,624	-	59,624	62,774
Professional development	42,912	-	-	42,912	90,863
Legal	-	-	31,925	31,925	36,915
Telephone and internet	-	17,619	-	17,619	28,425
Recruiting	858	-	-	858	4,410
Travel	-	-	-	-	4,154
Other	31,853	980	-	32,833	37,970
Total expenses	\$ 4,080,554	\$ 1,603,658	\$ 1,057,646	\$ 6,741,858	\$ 6,861,280

The accompanying notes to financial statements
are an integral part of this statement.

HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Helix Network of Education Choices d/b/a Mentorship Academy (the Academy) was incorporated on July 1, 2010, as a non-profit corporation under the laws of the State of Louisiana. The Academy operates under a contract with the East Baton Rouge Parish School System (EBRPSS) to operate a Type 1 charter school. The Academy currently has a contract with EBRPSS to operate a charter school through June 30, 2022. The Academy is a public, tuition free, charter school for students in ninth through twelfth grades in East Baton Rouge Parish. The Academy's mission is to develop young adults who learn continuously as our economies and communities change through mentoring relationships with industry professionals. The Academy started its ninth year with approximately 530 students for the 2019-2020 school year.

Financial statement presentation

The Academy reports information regarding its financial position and activities according to two classes of net assets which are without donor restrictions and with donor restrictions, which are described as follows:

Net assets without donor restrictions are net assets that are for general use and not subject to restriction.

Net assets with donor restriction are net assets subject to donor-imposed stipulations that may or will be met by actions of the Academy and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Academy had \$28,623 in net assets with donor restrictions at June 30, 2020.

The statement of activities presents expenses of the Academy's operations functionally between program services, operations and maintenance, and general and administrative.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently adopted accounting pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The School adopted ASU 2018-08 effective July 1, 2019. The provisions of this standard resulted in no significant changes in the way the School recognizes contributions.

Accounting pronouncements issued but not yet adopted

ASU 2014-09, *Revenue from Contracts with Customers*, was issued to update the revenue recognition standard in order to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2019.

The School is currently assessing the impact of these pronouncements on its financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Estimates are used primarily when accounting for depreciation.

Revenues

The Academy receives the significant portion of its revenue from the Minimum Foundation Program (MFP) through EBRPSS. The amount of MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes on a per student basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Federal funds are provided through the Louisiana Department of Education and the East Baton Rouge Parish School Board. The Academy also receives federal support for food service that is based on the number of students, which is restricted in use.

Fair value financial instruments

The carrying value of cash, receivables, prepaid expenses, accounts payable, and accrued expenses approximates fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rate offered for debt of comparable maturities and collateral requirements. None of the financial instruments are held for trading purposes.

Cash

Cash, for purposes of the statement of cash flows, consists of cash on hand, demand deposit and savings accounts. The Academy typically maintains cash in local banks that may, at times, exceed FDIC insured limits of \$250,000. Management believes the risk is minimal.

Receivables

The receivables are stated at the amount management expects to collect. Management considers all amounts to be collectible; therefore, no allowance has been recorded at June 30, 2020. The Academy had no receivables outstanding for greater than 90 days.

Property

Property is recorded at cost less accumulated depreciation. The Academy's policy requires assets with unit cost greater than \$500 to be capitalized as property. If an asset is donated to the Academy by a third party, its fair market value at the time of the acquisition shall be considered as the acquisition cost. Property acquired with grant funds are disposed of in accordance with grantor requirements. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Expenses for maintenance and repairs are expensed as incurred.

Paid time off (PTO)

The Academy's PTO policy states instructional staff members can earn up to seven days of vacation and sick leave during the fiscal year, are allowed to carryover unused vacation and sick days from year to year. After three years of service, employees are eligible to receive a payout of any unused PTO. A request for payout must be made to the Supervisor for approval. Non-instructional staff members may earn up to fifteen vacation and sick days and can carryover five days at year end, for a maximum annual benefit of twenty days. At June 30, 2020, the Academy had \$30,562 in accrued PTO.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax exempt status

The Academy is a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy's open audit periods are 2016 through 2019.

Functional expenses

The financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, and other occupancy costs, are allocated to general and administrative expenses. Program service expenses are based on the direct costs associated with the program.

Subsequent events

Subsequent events and transactions for potential recognition or disclosure in the financial statements were evaluated through December 23, 2020, which was the date the financial statements were available to be issued.

NOTE 2 - PROPERTY

Property, service lives, and accumulated depreciation at June 30, 2020 were as follows:

	<u>Estimated Service Lives</u>	<u>Amount</u>
Leasehold improvements	5-20 years	\$ 1,254,952
Furniture, fixtures, and equipment	3-15 years	<u>971,290</u>
		2,226,242
Less accumulated depreciation		<u>(1,313,961)</u>
Property, net		<u>\$ 912,281</u>

Depreciation expense was \$138,219 for 2020.

As of June 30, 2020, the Academy has capitalized equipment acquired through capital leases with a cost of \$91,765 and corresponding accumulated amortization of \$49,714. Amortization for these assets was \$35,738 in 2020 and is included in depreciation expense.

NOTE 3 - LONG TERM DEBT

Long-term debt at June 30, 2020, consisted of the following:

	Amount
\$900,000 note payable, interest at 5.0%, to provide funds for renovations and improvements to school facilities. Due in monthly installments of \$6,821 through January 2021 with a balloon payment of \$788,192 in February 2021.	\$ 809,230
\$45,840 capital lease obligation, interest at 2.7% and due in monthly installments of \$1,240, including interest through February 2022.	28,532
\$45,925 capital lease obligation, interest at 5.4% and due in monthly installments of \$1,284, including interest through July 2021.	21,067
Total long-term debt	\$ 858,829

All debt is collateralized by the assets purchased.

Future maturities of long-term debt are as follows:

Year ending June 30th	Note payable	Capital leases	Total net maturities
2021	\$ 809,230	\$ 28,903	\$ 838,133
2022	-	20,696	20,696
Total	\$ 809,230	\$ 49,599	\$ 858,829

NOTE 4 - LINE OF CREDIT

The Academy has a variable interest rate (prime rate of the lender plus 2%, for an effective rate of 5.25% at June 30, 2020) revolving line of credit with a borrowing limit of \$250,000 and an outstanding balance of \$240,000 at June 30, 2020.

The line of credit is payable on demand, matures on January 16, 2023, and is collateralized by the Academy's deposits held with the creditor's institution.

NOTE 5 - RETIREMENT PLAN

The Academy sponsors an Internal Revenue Code Section 403(b) Plan which covers substantially all employees of the Academy immediately upon employment. Employees may contribute up to the lesser of \$19,000 or 100% of includable compensation. The Academy matches 100% of the employee's elective contribution to the retirement plan, not to exceed 4% of the employee's compensation. Employer contributions were \$38,572 for 2020.

NOTE 6 - CONCENTRATIONS

The Academy receives the majority of its operating revenue from state and federal grants. The percentage of revenue and receivables from these sources is as follows:

	Revenues	Receivables
Minimum Foundation Program (MFP) grant	83%	94%
Food program grant	4%	-
Title I grant	1%	6%
Contributions	1%	-
Other	11%	-
Total	100%	100%

NOTE 7 - COMMITMENT AND CONTINGENCIES

Lease - Building

The Academy leases teaching and office facilities under an operating lease with base monthly payments of \$66,555. On August 1st of each year, the payment amount is adjusted by the greater of 2% per annum or the annual consumer price index (CPI) increase, not to exceed 5%. This lease expires in 2031. Lease expense for 2020 was \$797,342.

The estimated future minimum payments under this lease at June 30, 2020, are as follows:

For the year ended June 30,	Amount
2021	\$ 829,600
2022	846,200
2023	863,100
2024	880,400
2025	898,000
2026 and thereafter	5,778,200
Total	\$ 10,095,500

NOTE 7 - COMMITMENT AND CONTINGENCIES (CONTINUED)

Lease - Senior Center

The Academy leases Senior Center facilities under an operating lease with base monthly payments of \$10,000. Upon execution of the lease, a \$30,000 prepayment as well as a \$10,000 security deposit was required. The prepayment of \$30,000 was applied to required lease payments for the fiscal year ended June 30, 2020. On July 1st of each year, the payment amount is increased by 3%. The lease expires in June 2024. Lease expense for 2019 was \$120,000.

The estimated future minimum payments under this lease at June 30, 2020, are as follows:

For the year ended June 30,	Amount
2021	\$ 123,600
2022	127,300
2023	131,100
2024	135,000
Total	\$ 637,000

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Academy's financial assets available within one year of the balance sheet date for general expenditure are as follows.

	Amount
Financial assets, at year-end	
Cash	\$ 618,166
Receivables	546,306
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions	(28,623)
Financial assets available within one year, at year end	\$ 1,135,849

As part of the Academy's liquidity management, the Academy maintains sufficient cash funds during the year attributable to the annual cash receipts from federal, state, and local grants, and contributions from foundations and individuals. To help manage unanticipated liquidity needs, the Academy has committed a line of credit in the amount of \$250,000, which it could draw upon. As of June 30, 2020, \$10,000 was available.

SUPPLEMENTARY INFORMATION

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended June 30, 2020

Agency Head: Robert Webb, Jr., CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 126,365
Payroll taxes	11,145
Benefits - insurance	5,447
Benefits - retirement	5,055
Total	<u>\$ 148,012</u>

Report on Internal Control and Compliance
HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
Baton Rouge, Louisiana

June 30, 2020

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*

To the Board of Directors
Helix Network of Educational Choices
D/B/A Mentorship Academy
Baton Rouge, Louisiana

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 **HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY** (the Academy) (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the 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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 23, 2020

HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2020

1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) Significant deficiency in internal control were disclosed by the audit of financial statements: **None.**

Material weaknesses: **None.**

- C) Noncompliance that is material to the financial statements: **None.**
- D) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended June 30, 2020

There were none.