



IDEA Public Schools NOLA, Inc.

FINANCIAL STATEMENTS

June 30, 2022

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REPORT



INDEPENDENT AUDITORS' REPORT

Liquidator on behalf of the Board of Directors
IDEA Public Schools NOLA, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of IDEA Public Schools NOLA, Inc. (a Texas nonprofit organization) (the School), which comprise the statement of net assets in liquidation as of June 30, 2022, and the related statement of changes in net assets in liquidation and functional expenses in liquidation for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets in liquidation of the School as of June 30, 2022, and the changes in net assets in liquidation for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

As described in Note 1 to the financial statements, the School's Board of Directors approved a plan of liquidation on December 16, 2021, and, accordingly, the School's financial statements are prepared on the liquidation basis of accounting. Generally accepted accounting principles require financial statements to be prepared on the liquidation basis of accounting when an entity is in liquidation or when liquidation is imminent. Our opinion is not modified with respect to that 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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* and the Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 schedule of federal expenditures of federal awards and the schedule of compensation, benefits and other payments to agency head are 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 March 31, 2023 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 the effectiveness of the School'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 School's internal control over financial reporting and compliance.

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

Metairie, Louisiana
March 31, 2023



FINANCIAL STATEMENTS



Idea Public Schools NOLA, Inc.
Statements of Net Assets in Liquidation

<i>June 30,</i>	2022
Assets	
Current assets	
Grants receivable	\$ 2,308,541
Due from management company	7,217
Other receivables	6,782
Total current assets	2,322,540
Property and equipment	
Equipment	33,794
Less: Accumulated depreciation	(2,819)
Property and equipment, net	30,975
Noncurrent assets	
Other assets	1,900
Total other assets	1,900
Total assets	\$ 2,355,415
Liabilities and Net Assets in Liquidation	
Current liabilities	
Cash overdraft	\$ 2,482
Accounts payable	4,245
Accrued expenses	74,073
Due to management company	2,573,798
Total current liabilities	2,654,598
Net assets in liquidation	
Without donor restrictions	(927,440)
With donor restrictions	628,257
Total net assets in liquidation	(299,183)
Total liabilities and net assets in liquidation	\$ 2,355,415

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

Idea Public Schools NOLA, Inc.
Statement of Changes in Net Assets in Liquidation

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Retrictions	2022 Total
Public support and other revenues			
Grants - federal sources	\$ -	\$ 1,607,197	\$ 1,607,197
Grants - state and local sources	-	3,366,028	3,366,028
Grants - private sources	-	46,000	46,000
Miscellaneous	-	55,807	55,807
Net assets released from restrictions	5,103,158	(5,103,158)	-
Total public support and other revenues	5,103,158	(28,126)	5,075,032
Expenses			
<i>Program services</i>			
Instructional	2,343,746	-	2,343,746
School administration	1,002,899	-	1,002,899
Total program services	3,346,645		3,346,645
<i>Supporting services</i>			
Pupil support services	100,819	-	100,819
Instructional staff services	140,884	-	140,884
Management and general	336,855	-	336,855
Business services	13,845	-	13,845
Ancillary services	1,716,030	-	1,716,030
Fundraising	2,653	-	2,653
Total supporting services	2,311,086		2,311,086
Total expenses	5,657,731	-	5,657,731
Changes in net assets in liquidation	(554,573)	(28,126)	(582,699)
Net assets in liquidation at beginning of year	(372,867)	656,383	283,516
Net assets in liquidation at end of year	\$ (927,440)	\$ 628,257	\$ (299,183)

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

Idea Public Schools NOLA, Inc.
Statement of Functional Expenses in Liquidation

<i>For the year ended June 30,</i>	Program Services			Supporting Services						Supporting services subtotal	2022 Total
	Instructional	School administration	Programs services subtotal	Pupil support services	Instructional staff services	Management and general	Business services	Ancillary services	Fundraising		
Audit services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,500	\$ -	\$ -	\$ -	\$ 33,500	\$ 33,500
Contracted services	30,835	360,771	391,606	83,464	61,056	6,205	234	46,750	2,643	200,352	591,958
Depreciation	433,403	-	433,403	-	-	10,986	-	38,275	-	49,261	482,664
Food	-	-	-	-	-	-	-	117,348	-	117,348	117,348
Insurance	-	-	-	-	-	-	-	120,883	-	120,883	120,883
Legal services	-	-	-	-	-	95,037	-	-	-	95,037	95,037
Miscellaneous	103	165	268	107	-	10,349	-	630	-	11,086	11,354
Non-food	-	-	-	-	-	-	-	17,190	-	17,190	17,190
Operating leases	84,144	-	84,144	-	-	-	-	68,354	-	68,354	152,498
Other professional services	125,201	-	125,201	-	-	-	-	110	-	110	125,311
Repairs and maintenance	-	-	-	-	-	-	-	275,316	-	275,316	275,316
Salaries and benefits	1,413,801	620,169	2,033,969	378	51,841	156,989	13,611	848,219	-	1,071,038	3,105,008
Supplies	193,015	7,887	200,902	11,477	23,885	168	-	49,052	-	84,582	285,483
Testing and reading materials	3,669	-	3,669	-	-	-	-	-	-	-	3,669
Textbooks	49,758	-	49,758	-	-	-	-	-	-	-	49,758
Travel	1,167	3,610	4,777	5,392	4,102	19,742	-	45,324	10	74,571	79,348
Dues	-	-	-	-	-	3,879	-	-	-	3,879	3,879
Utilities	8,651	10,297	18,948	-	-	-	-	88,579	-	88,579	107,527
Total	\$ 2,343,746	\$ 1,002,899	\$ 3,346,645	\$ 100,819	\$ 140,884	\$ 336,855	\$ 13,845	\$ 1,716,030	\$ 2,653	\$ 2,311,086	\$ 5,657,731

The accompanying footnotes are an integral part of these 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 8. 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 on the liquidation 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 the liquidation basis through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

On December 16, 2021, the School's Board of Directors voted to liquidate effective June 30, 2022 and, accordingly, revalued its assets and liabilities to the amounts expected to be collected and paid during the liquidation. The effect of the revaluation is included in the statement of changes in net assets in liquidation. It is not presently determinable whether the amounts realizable from the disposition of the remaining assets or the amounts that creditors will agree to accept in settlement of the obligations due them will differ materially from the amounts shown in the accompanying financial statements.

Differences between the revalued amounts and actual cash transactions will be recognized in the year they can be estimated.

Use of Estimates

The preparation of liquidation basis 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Grant and Other Receivables

Grant and other receivables are stated at unpaid balances. The financial statements do not include an estimate for allowance for doubtful accounts as management believes that all receivables are collectible.

Property and Equipment

As of June 30, 2022, \$33,794 of property remained and was auctioned in September 2022. All other property was transferred as of June 30, 2022 to IDEA Public Schools Louisiana, Inc.

Net Assets in Liquidation

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

Net assets in liquidation without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets in liquidation 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 in liquidation 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. As of June 30, 2022, there was \$628,257 in net assets with donor restriction.

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 in liquidation from net assets in liquidation with donor restrictions to net assets in liquidation without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year ended June 30, 2022, the School received \$9,828 in MFP funding per eligible student in attendance at the official pupil count date of October 1, 2021. MFP revenue accounts for 65% of the School's total revenue for the year ended June 30, 2022.

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 statement of net assets in liquidation. Federal grants accounted for 33% of the School's total revenue for the year ended June 30, 2022.

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 statement of changes in net assets in liquidation 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.

Functional Allocation of Expenses in Liquidation

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 statement of changes in net assets in liquidation and in the statement of functional expenses in liquidation. 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year ended June 30, 2022. 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, 2022.

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, 2022, the School has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 31, 2023. See Note 2 Property and Equipment and Note 8 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: PLAN OF LIQUIDATION

On December 16, 2021, the board of directors passed a resolution surrendering the charter as of June 30, 2022. The School adopted the liquidation basis of accounting as of December 16, 2021. The School adopted the transition framework as approved by the board of directors and communicated to the local school board. The School transferred a majority of its property and equipment to another Louisiana charter school prior to year-end. The School is not able to provide a date by which the School expects the liquidation to be completed. Liquidation will be considered complete once all operations are completed.

The completion of the transfer of any remaining assets to the local school board is to occur following the payment of all final expenses related to the School.

IDEA Public Schools NOLA, Inc.
Notes to Financial Statements

Note 4: GRANTS AND OTHER RECEIVABLES

Grants and other receivables are deemed to be fully collectible by management and were comprised of the following as of June 30, 2022:

Grant Receivables	2022
Minimum Foundation Program	\$ 809,716
ESSER II	711,838
ESSER III	659,413
Child Nutrition Program	127,574
Total grants receivables	\$ 2,308,541

Other Receivables	2022
Refunds	\$ 6,782
Total other receivables	\$ 6,782

Note 5: NET ASSETS IN LIQUIDATION

Net assets in liquidation with donor restrictions at June 30, 2022 consisted of the following:

Grantor	Purpose	2022
Minimum Foundation Program	Provide minimum educational foundation	\$ 563,338
No Kid Hungry	Assistance to feed more kids	36,656
Other – Various	Various	28,263
Total		\$ 628,257

Net assets in liquidation released from donor restrictions by incurring expenses, or effectively satisfying the purpose/time restrictions specified by donors as of June 30, 2022 was \$5,103,158.

NOTE 6: REVENUE

The School recognizes revenue over time for its fundraising. As of June 30, 2022, 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, 2022 was not material to the financial statements. There were no contract assets, contract liabilities, or receivables from contracts as of June 30, 2022.

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, 2022, the uninsured portion of the School's balances was \$5,494. 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 were \$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 were \$465 per month. The lease was 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 were \$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. Since the School surrendered its charter effective June 30, 2022, the leases were transferred to IDEA Public Schools of Louisiana, Inc. in December 2022.

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 were \$6,205 per month. The leases are scheduled to terminate between July 31, 2022 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.

Note 8: OPERATING LEASES (Continued)

Ice Machine

The School leased an ice machine under a 12-month lease agreement commencing July 1, 2020. Lease payments under the lease were \$179 per month through October 2021 and \$190 per month from November 2021 through May 2022. The lease was scheduled to terminate on June 30, 2021. As of July 1, 2021, the School continued leasing the ice machine on a month-to-month basis until it was returned May 30, 2022.

Additional Administrative Transportation

The School leased several vans for administrative transport purposes under an 84-month lease agreement commencing September 29, 2021. Lease payments under the lease were \$835 per month. The lease is scheduled to terminate on September 29, 2028. Since the School surrendered its charter effective June 30, 2022, the lease was transferred to IDEA Public Schools of Louisiana, Inc.

Postage Machine

The School leased a postage machine under a 36-month lease agreement commencing May 21, 2021. Lease payments under the lease were \$100 per month. The lease was scheduled to terminate on May 20, 2024. Since the School surrendered its charter effective June 30, 2022, the lease was transferred to IDEA Public Schools Louisiana, Inc. in August 2022.

As of June 30, 2022, future lease payments on long-term noncancelable operating leases totaled \$11,479 for the year ending June 30, 2023. As of June 30, 2022, the rental expense for the School was \$152,499.

Note 9: MANAGEMENT COMPANY

The School has a contract for certain management and administrative services which is based on 15 percent (15%) of revenues. Also, the management company will pay for certain direct expenses for which the School will reimburse the management company. For the year ended June 30, 2022, \$198,767 was incurred for management and administrative services. For the year ended June 30, 2022, \$3,360,720 was 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, 2022, the School had \$2,573,798 payable to the management company for direct expenses.

IDEA Public Schools NOLA, Inc.
Schedule of Compensation, Benefits and Other Payments Made to Agency Head
For the Year Ended June 30, 2022

Agency Head Name:	Kenneth Campbell Executive Director July 1, 2021- March 1, 2022	Rolando Posada, Area Superintendent March 2, 2022-June 30, 2022
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PURPOSE	AMOUNT	AMOUNT
Contracted Salary	\$ 29,178	\$ -
Contracted Benefits-health insurance	693	-
Contracted Benefits-retirement	934	-
Contracted Deferred compensation	-	-
Contracted Workers comp	266	-
Contracted Benefits-life insurance	-	-
Contracted Benefits-long term disability	-	-
Contracted Benefits-FICA and Medicare	1,471	-
Car allowance	840	-
Vehicle provided by government	-	-
Cell phone	-	-
Dues	-	-
Vehicle rental	70	-
Per diem	-	-
Reimbursements	-	-
Travel	213	-
Registration fees	-	-
Conference travel	4	-
Unvouchered expenses	-	-
Meetings and conventions	-	-
Other	2	-
Total	\$ 33,672	\$ -

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 the School.

Note: Rolando Posada was not paid using public funds.



SUPPLEMENTARY INFORMATION



**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***

Liquidator on behalf of the 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 net assets in liquidation as of June 30, 2022, and the related statements of changes in net assets in liquidation and functional expenses in liquidation for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2023.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

Report on 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-002 and 2022-003.

The School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and 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 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 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, Riggis & Ingram, L.L.C.

Metairie, Louisiana
March 31, 2023



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

Liquidator on behalf of the Board of Directors
IDEA Public Schools NOLA, Inc.
New Orleans, Louisiana

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited IDEA Public Schools NOLA, Inc.'s (a nonprofit organization) (the School) 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 the School's major federal program for the year ended June 30, 2022. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

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 the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of

compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

Metairie, Louisiana
March 31, 2023

IDEA Public Schools NOLA, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assisting Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Passed through to subrecipient</u>	<u>Total Federal Expenditures</u>
Department of Agriculture					
<i>Pass through from Louisiana Department of Education</i>					
<i>Child Nutrition Cluster - Cluster</i>					
National School Breakfast Program	10.553	n/a	\$ 61,949	\$ -	\$ 61,949
National School Lunch Program	10.555	n/a	167,736	-	167,736
National School Lunch Program/ USDA Donated Commodities	10.555	n/a	1,937	-	1,937
Total Child Nutrition Cluster-Cluster			231,622	-	231,622
<i>Other Programs</i>					
Child and Adult Care Food Program	10.558	n/a	4,324	-	4,324
Total Department of Agriculture			235,946	-	235,946
Department of Education					
<i>Pass through from Louisiana Department of Education</i>					
<i>COVID-19 - Education Stabilization Fund/Elementary and Secondary School Emergency Relief</i>					
	84.425D	n/a	1,371,251	-	1,371,251
Total Department of Education			1,371,251	-	1,371,251
Total Expenditures of Federal Awards			\$ 1,607,197	\$ -	\$ 1,607,197

IDEA Public Schools NOLA, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the revenues from federal awards of the School as defined in Note 2 to the School's basic financial statements.

NOTE 2: DE MINIMIS INDIRECT COST RATE

The School has not elected to use the 10% de minimis indirect rate allowed under the Uniform Guidance.

NOTE 3: BASIS OF ACCOUNTING

The accompanying SEFA includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 4: LOAN

The School did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2022.

NOTE 5: FEDERALLY FUNDED INSURANCE

The School has no federally funded insurance for the year ended June 30, 2022.

NOTE 6: NONCASH ASSISTANCE

The School received \$1,937 in federal noncash assistance for the fiscal year ended June 30, 2022.

IDEA Public Schools NOLA, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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? | No |
| b. | Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. | Noncompliance material to the financial statements noted? | Yes |

Federal Awards

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |

4. Identification of major programs

Assistance Listing Number	Federal Program
84.425D	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund

- | | | |
|----|---|-----------|
| 5. | Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. | Auditee qualified as low-risk under 2CFR 200.520 | No |

IDEA Public Schools NOLA, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II – Financial Statements Findings

Finding 2022-001 Significant Deficiency – Internal Controls over Financial Reporting – MFP Funding 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, an adjustment was necessary in order to correct/update the MFP revenue and related expenses of the School as of June 30, 2022. Prior to the adjustments, revenue and expenses were understated by \$152,595.

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

Effect: Revenue and expenses were misstated prior to the adjustment.

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 26.

Finding 2022-002 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 2021-2022 school year. 46 of 60 files tested did not contain documentation that the student resided within Orleans Parish. 30 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 MFP revenue could be collected for fictitious students or students that do not reside within Orleans Parish.

IDEA Public Schools NOLA, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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 26.

Finding 2022-003 Noncompliance – LATE FILING FINDING

Criteria: Per Louisiana Revised Statute 24:513, the School is required to complete and submit an audit to the Louisiana Legislative Auditor “within six months of the close of the local auditee’s or vendor’s fiscal year.”

Condition: The School did not complete and submit the audit to the Louisiana Legislative Auditor within six months of the close of its fiscal year.

Cause: The School did not implement appropriate controls and processes to ensure that the audit was submitted within six months of the close of its fiscal year.

Effect: MFP revenue could be withheld if the required report is not submitted timely.

Recommendation: We recommend that the School implement controls and processes to ensure all required reports are submitted timely.

Management Response: See corrective action plan on page 26.

Section III – Federal Award Findings

No findings were noted.

Section IV – Management Letter

No management letter was issued.

Section V – Summary Schedule of Prior Audit 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.”

IDEA Public Schools NOLA, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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.

Response: Partially resolved. See finding 2022-001.

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.

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

Response: Not resolved. See finding 2022-002.



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

CORRECTIVE ACTION PLAN

March 31, 2023

IDEA Public Schools NOLA, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2022.

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, 2021 through June 30, 2022

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 #2022-001 – Significant Deficiency – Internal Controls over Financial Reporting – MFP FUNDING RECONCILIATION

Status: Resolved.

Planned corrective action: The Business Office has established 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 for all schools within our network. Due to the closure of IDEA NOLA, no additional changes related to this finding are considered necessary.

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

Estimated completion date: 01/31/2023



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

Finding #2022-002 – Noncompliance – STUDENT ELIGIBILITY

Status: Resolved.

Planned corrective action: The Student Information Systems (SIS) team has established 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 for all schools within our network. Due to the closure of IDEA NOLA, no additional changes related to this finding are considered necessary.

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

Estimated completion date: 01/31/2023

Finding #2022-003 – Noncompliance – LATE FILING FINDING

Status: In progress.

Planned corrective action: The Business Office requested and was granted an extension for the submission of our annual financial report through 3/31/2023. Currently, we are on track to submit our annual financial report by 2/28/2023 which is within the approved timeline.

Responsible officers: Brittany Perkins, VP of Finance Development Compliance, and Vanessa Garza, Director of Accounting.

Estimated completion date: 02/28/2023