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EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2022

TABLE OF CONTENT

Independent Auditor’s Report	Page 01
Statement of Financial Position	Page 04
Statement of Activities	Page 05
Statement of Functional Expenses.....	Page 06
Statement of Cash Flows	Page 07
Notes to Financial Statements	Page 08
Supplementary Information.....	Page 17
Schedule of Expenditures of Federal Awards.....	Page 18
Notes to Schedule of Expenditures of Federal Awards.....	Page 19
Report on Internal Control Over Financial Reporting on Compliance And Other Matters Based on an Audit of Financial Statements Performed In According with Government Auditing.....	Page 20
Independent Auditor’s Report on Compliance for Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.....	Page 22
Supplementary Information.....	Page 25
Independent Accountant’s Report on Applying Agreed-Up on Procedures.....	Page 26
Schedules Required by Louisiana State Law- (R.S. 24:514 Performance and Statistical Data).....	Page 29

TABLE OF CONTENT

General Fund Instructional and Support Expenditures And Certain Local Revenue Sources	SCHEDULE 1	Page 30
Class Size Characteristics	2	Page 31
Schedule of Findings and Question Cost.....		Page 32
Schedule of Prior Audit Findings.....		Page 33
Supplementary Information		Page 34
Schedule of Compensation		Page 35
Independent Accountants' Report on Applying Statewide Agreed Upon Procedures		Page 36-46

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

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

Opinion

We have audited the accompanying financial statements of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Education Explosion, Inc. d/b/a Impact Charter Elementary School's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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, 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 **Education Explosion, Inc. d/b/a Impact Charter Elementary 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Education Explosion, Inc. d/b/a Impact Charter Elementary School** ability to continue as a going concern for a reasonable period of time.

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 and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying Schedule of Agency Head Compensation is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S Code of Federal Regulations part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards, is presented for the purpose 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 Performance and Statistical Data Agreed Upon Procedures, the Schedule of Compensation, Benefits and Other Payments to the School Leader, and the Statewide Agreed Upon Procedures are not a required part of the basic financial statements but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountants Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2022, on our consideration of the school's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract, 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 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.

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
December 27, 2022**

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

<u>ASSETS</u>			
Cash & Cash Equivalents		\$	2,384,841
Grants Receivable			661,333
Other Accounts Receivable			10,670
Prepaid Expenses			76,867
Total Current Assets		\$	3,133,711
Property and Equipment			
Building and Bldg Improvements			277,863
Machinery and Equipment			42,190
Accumulated Depreciation			(50,209)
Net. Property and Equipment		\$	269,844
TOTAL ASSETS		\$	3,403,555
<u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Current Liabilities			
Accounts Payable		\$	20,029
Credit Card Accounts Payable			5,658
Interfund Accounts Payable			-
Accrued Salaries and Benefits Payable			145,404
Payroll Deductions Payable			624
Total Current Liabilities		\$	171,715
TOTAL LIABILITIES		\$	171,715
<u>NET ASSETS</u>			
Net assets without Donor Restrictions		\$	3,231,840
TOTAL LIABILITIES AND NET ASSETS		\$	3,403,555

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

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2022

<u>SUPPORT AND REVENUES</u>			
Minimum Foundation Program		\$	4,703,883
Revenue From Federal sources			1,448,926
Other Sources of Funds			56,643
TOTAL REVENUE AND SUPPORT		\$	6,209,452
<u>EXPENSES</u>			
Program Services			
General Fund		\$	3,782,813
Special Education			1,367,945
Supporting Services			
Management & General			814,702
TOTAL EXPENSES		\$	5,965,460
CHANGE IN NET ASSETS		\$	243,992
NET ASSETS, BEGINNING OF YEAR JUNE 30, 2021		\$	2,992,967
PRIOR PERIOD ADJUSTMENT			(5,119)
NET ASSETS, END OF YEAR JUNE 30, 2022		\$	3,231,840

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

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
JUNE 30, 2022

Regular Programs	\$ 1,692,355	\$ 57,188	\$ 1,749,543	\$ -	\$ 1,749,543
Special Education Programs	\$ 106,792	\$ 58,351	\$ 165,143	\$ -	\$ 165,143
Career & Technical Education Expenditures	\$ 8,787		\$ 8,787	\$ -	\$ 8,787
Other Instructional Programs	\$ 32,652	\$ 1,094	\$ 33,746	\$ -	\$ 33,746
Special Programs	\$ 107,006	\$ 659,088	\$ 766,094	\$ -	\$ 766,094
Pupil Support Services	\$ 107,725	\$ 31,500	\$ 139,225	\$ -	\$ 139,225
Instructional Staff Services	\$ 260,180	\$ 79,386	\$ 339,566	\$ -	\$ 339,566
General Administration	\$ -	\$ -	\$ -	\$ 131,561	\$ 131,561
School Administration	\$ -	\$ 13,834	\$ 13,834	\$ 596,868	\$ 610,702
Business Services	\$ -	\$ -	\$ -	\$ 86,273	\$ 86,273
Maint of Plant Services	\$ 339,531	\$ 5,975	\$ 345,506	\$ -	\$ 345,506
Student Transportation	\$ 269,264	\$ 24,294	\$ 293,558	\$ -	\$ 293,558
Central Sevices	\$ 1,675	\$ -	\$ 1,675	\$ -	\$ 1,675
Food Services	\$ -	\$ 377,779	\$ 377,779	\$ -	\$ 377,779
Facility Rental	\$ 843,091	\$ -	\$ 843,091	\$ -	\$ 843,091
Depreciation	\$ 13,755	\$ 2,813	\$ 16,568	\$ -	\$ 16,568
Other Uses of Funds	\$ -	\$ 56,643	\$ 56,643	\$ -	\$ 56,643
TOTAL	\$ 3,782,813	\$ 1,367,945	\$ 5,150,758	\$ 814,702	\$ 5,965,460

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

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2022

Cash Flows From Operating Activities:			
	Increase in Net Assets	\$	243,992
	Adjustments to reconcile net assets to net cash provided by operating activities:		
	Depreciation	\$	16,568
	(Increase) decrease in operating assets:		
	Receivables	\$	(512,947)
	Interfund Receivable	\$	116,550
	Prepays	\$	(6,420)
	Accounts Payable-Overpayment	\$	-
	Increase (decrease) in operating liabilities:		
	Accounts Payable	\$	(50,709)
	Accounts Payable-Credit cards	\$	(9,842)
	Interfund payables	\$	(127,220)
	Accrued Salaries	\$	38,314
	Payroll Deductions	\$	(6,651)
	NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	(298,365)
	Cash Flows From Investing Activities:	\$	-
	NET INCREASE IN CASH AND CASH EQUIVALENTS	\$	(298,365)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	\$	2,683,206
	CASH AND CASH EQUIVALENTS AT JUNE 30, 2022	\$	2,384,841
	INTEREST PAID	\$	-

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

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Education Explosion, Inc. d/b/a Impact Charter Elementary School, was incorporated November 9, 2009, under the laws of the State of Louisiana, as a not-for-profit corporation.

Education Explosion, Inc/ d/b/a Impact Charter Elementary School provides educational services, primarily in the target area of East Baton Rouge Parish, for the grades Pre-Kindergarten through the Eighth grade. The school is located at 4815 Levey Lane Baker, Louisiana. The Board of Directors is the intermediate authority, and it consists of seven members with the majority of the members domiciled in East Baton Rouge Parish. The members of the Board of Directors are appointed based on recommendations from the community and by the other members of the Board. The Charter School has a director who oversees and manages the daily operations of the school.

Education Explosion, Inc. d/b/a Impact Charter Elementary School operates under a charter\ school contract with the Louisiana State Board of Elementary Education (BESE), as a Type 2 public charter school. Under the contract, the school receives its Minimum Foundation Program (MFP) distributions through the Louisiana State Board of Elementary Education. The charter contract was renewed on June 30, 2022, and is effective for the period July 1, 2022, through June 30, 2025.

Income Taxes

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

Principles of Accounting

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

Basis of Presentation

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

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

Basis of Presentation

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

Temporarily Restricted-Net assets whose use by **Education Explosion, Inc. d/b/a Impact Charter Elementary School** is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Education Explosion, Inc. d/b/a Impact Charter School pursuant to such stipulations. There were no temporarily restricted net assets on June 30, 2022.

Permanently Restricted-Net assets whose use by **Education Explosion, Inc. d/b/a Impact Charter Elementary School** is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of **Education Explosion, Inc. d/b/a Impact Charter Elementary School**. There were no permanently restricted net assets on June 30, 2022.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the school considers all unrestricted, highly liquid investments with original maturities of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Support and Revenue

Louisiana State Board of Elementary Education

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

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

Advertising

Advertising costs are charged to program in the period in which the advertisement is placed. The school had \$17,464 in advertising costs for the period July 1, 2021, through June 30, 2022.

Compensation Absences

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

Budgetary Data

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

NOTE B: CASH IN BANK

Education Explosion, Inc. d/b/a Impact Charter Elementary School maintains three accounts at one financial institution and the bank balance at 6/30/2022 was \$2,504,254 which is above the FDIC limit. Demand deposits, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances in the cash account in excess of FDIC insurance limits are insured by the Dodd-Frank Deposit Insurance Provision. The school feels that it is not exposed to significant credit risk on its cash balances.

NOTE C: GRANTS RECEIVABLE

State of LA \$ 661,333

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

NOTE D: PROPERTY & EQUIPMENT

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

Building	\$50,000
Building Improvements	\$50,000
Equipment	\$ 5,000
Vehicles	\$ 5,000

Any property and equipment acquired by the school is the property of the Charter School for the duration of the agreement and renewal of the agreement. If the agreement is terminated, revoked, not renewed, or surrendered, all assets and cash on hand attributable to state public funds shall be transferred to BESE or disposed of in accordance with Section 5.5. of the agreement.

Depreciation expense amounted to \$16,568 as of June 30, 2022

On June 30, 2022, property and equipment consisted of the following:

	Balance		Balance
	June 30, 2021	Additions	June 30, 2022
Equipment	42,190	-	42,190
Building & Improvements	277,863	-	277,863
Less:			
Accumulated Depreciation	(28,522)	(21,687)	(50,209)
Total	<u>291,531</u>	<u>(21,687)</u>	<u>269,844</u>

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

NOTE E: FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services in the accompanying statement of functional expenses.

NOTE F: OPERATING LEASE

The school leases a copier, automobile and six school buses which are considered to be operating leases. The lease costs on these items for the year ended June 30, 2022.

Copier	\$ 6,824
Automobile	22,094
School Buses	102,121

Estimated future schedule lease payments under the lease for the next year are as follows, these leases expire after June 20, 2023.

June 30, 2023 \$ 16,874

NOTE G: SCHOOL FACILITIES

Education Explosion dba Impact Charter Elementary School entered into a sub-lease effective as of April 30, 2014, with ICE Project Development, LLC, a Utah limited liability company. The registered agent of ICE Project Development, LLC is Highmark School Development (a charter school developer that seeks to facilitate the development of modern, efficient, and functional charter school's facilities across the nation) The entities were not a related party.

On November 14, 2019, RM Charter Holding, LLC purchased the sub-lease from ICE Project Development, LLC, payments are made to Rosemawr Management, LLC as the registered agent.

The sub-leased property is parcel of land together with an approximately 35,000 square foot school building for 400 students. The prime landlord continues to be Education Capital Solutions, LLC, a Delaware limited liability company. (Continued)

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

NOTE G: SCHOOL FACILITIES

Under the terms of the sub-lease, **Education Explosion, Inc. dba Impact Charter Elementary School** is responsible for providing all furnishing and personal property necessary for the operation of the charter school, including desks, office furniture, tables, chairs and other items. The school shall also pay all taxes, insurance, utilities, and services, including garbage, maintenance, and janitorial services.

Under the terms of the sub-lease, the school shall pay an annual rent equal to ten percent (10%) of the total development cost of the prime lessor (as described in the prime lease) on the first day of each month and every calendar month during the lease term. The terms also include an annual increase of three percent (3% of the previous lease payment). The school has exercised its option to renew on September 30, 2019, to lease the facilities for an additional term of five years. A new lease with a term of fifty(50) years was signed with Friends of Impact Charter School on September 28, 2022 and will expire on September 30, 2072.

The total rental payments made under the lease for the year ended June 30, 2022, was \$ 828,096. Estimated future scheduled rental payments for the next five years under the terms of the lease are as follows

June 30,

	2023	\$1,387,680
	2024	\$1,560.000
	2025	\$1,560.000
	2026	\$1,560.000
	2027	<u>\$1,560,000</u>
Total		<u>\$7,627.680</u>

**EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

NOTE H: RETIREMENT PLAN

All full-time employees of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** are eligible to participate in **Education Explosion, Inc. d/b/a Impact Charter Elementary School's**, 401 (k) Contribution Plan. Covered employees may elect to contribute a portion of their salaries to the plan. **Education Explosion, Inc. d/b/a Impact Charter Elementary School's** matching contribution to the Plan is 100% of the participant's contribution up to 3% of employee's annual salary. ICE made contributions of \$12,842 to the Plan for the year **June 30, 2022**.

NOTE I: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

**EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

NOTE J: ACCOUNTS PAYABLE

On June 30, 2022, accounts payable consisted of the following:

Accounts Payable—Vendors	\$20,029
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NOTE K: CONCENTRATION OF REVENUE SOURCE

Education Explosion, Inc. d/b/a Impact Charter Elementary School receives primarily all its support from the State of Louisiana through the State of Louisiana’s Minimum Foundation Program. If the amount of support received should fall below award budgeted levels, the school’s operating results could be adversely affected.

NOTE L: CONTINGENCIES AND COMMITMENTS

Education Explosion, Inc. d/b/a Impact Charter Elementary School is a recipient of funding from the State of Louisiana through the State of Louisiana’s Minimum Foundation Program. This funding is governed by various guidelines, regulations, and contractual agreements. The administration of the program and activities funded is under the control and administration of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms; conditions and regulations of the funding sources may be subject to recapture.

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

NOTE M: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents Education Explosion, Inc. d/b/a Impact Charter Elementary School financial assets on June 30, 2022.

Financial assets at year- end:

Cash and cash equivalents	\$2,384,841
Grants receivables	661,333
Total financial assets	\$3,046,174
Less those unavailable for general expenditures within one year.	-
Financial assets available to meet cash needs for general expenditures within one year.	\$ 3,046,174
	=====

NOTE N: PRIOR PERIOD ADJUSTMENT

The accumulated depreciation in the amount of \$5,119 was understated in the prior year.

NOTE O: NEW ACCOUNTING PRONOUNCEMENTS

The FASB also issued Accounting Standards Update No. 2016-02 affecting ASC 842, Leases, which provides guidance for any entity that enters into a lease (as defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes ASC 840 Leases, the primary objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2022, and interim periods within fiscal years beginning after December 15, 2022.

SUPPLEMENTARY INFORMATION

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED
JUNE 30, 2022

	Federal	Pass-Through	
	Assistance Listing	Grantor's	Total Federal
Federal Grantor/Pass-Through Grantor/ Program Title	Number	Number	Expenditures
United States Department of Education			
Pass through Louisiana Department of Education			
IDEA Fund- Special Education	84.010A	H027A200033	\$ 62,159.00
Title I-Grant to Local	84.010A	S010A200018	\$ 347,390.00
IDEA Preschool 619 - Special Education Preschool Grant	84-173A	H173A200082	\$ 1,495.00
Title II -Supporting Effective Instruction State Grant	84.367A	S367A200017	\$ 18,785.00
Striving Readers Comprehensive Literacy	84.371C	S010A180018	\$ 99,766.00
ESSER II & III Incentive- Education Stabilization Fund	84.425	S425U210003	\$ 469,622.00
Total- U.S. Department of Education			\$ 999,217.00
United State Department of Agriculture			
Pass through Louisiana Department of Education			
National School Lunch Program	10.555	NA	\$ 400,928.00
Total Federal Expenditures			<u>\$ 1,400,145.00</u>

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED
JUNE 30, 2022

NOTE A-Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes federal grant activity of Education Explosion, Inc. (Impact Charter Elementary School) under programs of the federal government for the year ended June 30, 2022. The information in the SEFA is presented in accordance with requirements of the Uniform Guidance. Because the SEFA presents only a selected portion of the operations of the school it is not intended to and does not present the financial position, changes in net assets, or cash flows of the school.

NOTE B-Summary of Significant Accounting Policies

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

NOTE C-Relationship to Financial Statements

Federal awards are included in federal sources in the statements of activities for the year ended June 30, 2022.

NOTE D- De Minimus Cost Rate

During the year ended June 30, 2022, the School did elect to use the 10% de minimus cost rate covered in 200.414 of the Uniform Guidance.

BOBBIE L. HOWARD, CPA

A Professional Accounting Corporation

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

To the Board of Directors

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

Baker, LA.

We 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 Education Explosion, Inc. d/b/a Impact Charter Elementary School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Education Explosion, Inc. d/b/a Impact Charter Elementary School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Education Explosion, Inc. d/b/a Impact Charter Elementary School's internal control. Accordingly, we do not express an opinion on the effectiveness of Education Explosion, Inc. d/b/a Impact Charter Elementary School's internal control.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Education Explosion, Inc. d/b/a Impact Charter Elementary 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 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
December 27, 2022**

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

To the Board of Directors
Education Explosion, Inc. d/b/a Impact Charter Elementary School
Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Education Explosion, Inc. d/b/a Impact Charter Elementary School's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Education Explosion, Inc. d/b/a Impact Charter Elementary School's major federal programs for the year ended June 30, 2022. Education Explosion, Inc. d/b/a Impact Charter Elementary School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Education Explosion, Inc. d/b/a Impact Charter Elementary School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Education Explosion, Inc. d/b/a Impact Charter Elementary School and to meet our other ethical responsibilities, in accordance with 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 each major federal program. Our audit does not

provide a legal determination of Education Explosion, Inc. d/b/a Impact Charter Elementary 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 Education Explosion, Inc. d/b/a Impact Charter Elementary School's federal programs.

Auditor's 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 Education Explosion, Inc. d/b/a Impact Charter Elementary 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 Education Explosion, Inc. d/b/a Impact Charter Elementary 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 Education Explosion, Inc. d/b/a Impact Charter Elementary 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 Education Explosion, Inc. d/b/a Impact Charter Elementary 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 Education Explosion, Inc. d/b/a Impact Charter Elementary 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
December 27, 2022**

SUPPLEMENTARY INFORMATION

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors

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

Baker, LA

We have performed the procedures enumerated below, which were agreed to by the **Education Explosion, Inc. d/b/a Impact Charter Elementary School**; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the **Education Explosion, Inc. d/b/a Impact Charter Elementary School** for the fiscal year ended June 30, 2022; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin ___, in compliance with Louisiana Revised Statute 24:514 I. Management of the **Education Explosion, Inc. d/b/a Impact Charter Elementary School** is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures

- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue In lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Difference-None

Class Size Characteristics (Schedule 2)

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

Difference: None

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

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

Difference-None

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Difference-None

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had

we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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

Bobbie L. Howard

**Bobbie L. Howard,
Certified Public Accountant
Houma, LA 70360
December 27, 2022**

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)
FOR THE YEAR ENDED JUNE 30, 2022

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Class Size Characteristics

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

EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES-SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2022

	Column A	Column B
General Fund Instructional and Equipment Expenditures		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,701,681.00	
Other Instructional Staff Activities	\$ 33,746.00	
Instructional Staff Employee Benefits	\$ 354,500.00	
Purchased Professional and Technical Services	\$ 159,252.00	
Instructional Materials and Supplies	\$ 434,695.00	
Instructional Equipment	\$ -	
Total Teacher and Student Interaction Activities	\$ 2,683,874.00	\$ 2,683,874.00
Other Instructional Activities	\$ 33,746.00	\$ 33,746.00
Pupil Support Activities	\$ 139,225.00	
Less: Equipment for Pupil Support Activities	\$ -	
Net Pupil Support Activities		\$ 139,225.00
Instructional Staff Services	\$ 339,566.00	
Less: Equipment for Instructional Staff Services	\$ -	
Net Instructional Staff Services		\$ 339,566.00
School Administration	\$ 610,702.00	
Less: Equipment for School Administration	XXX	
Net School Administration	\$ 610,702.00	\$ 610,702.00
Total General Fund Instructional Expenditures (Total of Column B)		\$ 3,807,113.00
Total General Fund Equipment Expenditures		\$XXX
Certain Local Revenue Sources		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$XXX
Renewable Ad Valorem Tax		XXX
Debt Service Ad Valorem Tax		XXX
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		XXX
Sales and Use Taxes		XXX
Total Local Taxation Revenue		\$XXX
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$XXX
Earnings from Other Real Property		XXX
Total Local Earnings on Investment in Real Property		\$XXX
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$XXX
Revenue Sharing - Other Taxes		XXX
Revenue Sharing - Excess Portion		XXX
Other Revenue in Lieu of Taxes		XXX
Total State Revenue in Lieu of Taxes		\$XXX
Nonpublic Textbook Revenue		\$XXX
Nonpublic Transportation Revenue		\$XXX

See independent accountants' report on applying agreed upon procedures.

**EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
CLASS SIZE CHARACTERISTICS-SCHEDULE 2
AS OF OCTOBER 1, 2021**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	9%	35	68%	271				
Elementary Activity Classes	9%	35	68%	271				
Middle/Jr. High	10%	42	13%	53				
Middle/Jr. High Activity Classes	10%	42	13%	53				
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

See independent accountants' report on applying agreed upon procedures.

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Schedule of Finding and Questions Cost For the Year Ended June 30, 2022

Section 1-Summary of Auditor's Results Financial Statements:	Unmodified
Type of auditor's report issued: Compliance and internal control over financial reporting Significant deficiency (ies) identified:	None
Material weakness(es) identified:	None
Federal Awards: Internal control over each major programs Significant deficiency(ies) identified:	None
Material weakness(ies) identified:	None
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit finding disclosed that are required to be reported in accordance with Uniform Guidance:	None
Identification of major programs:	
<u>Federal Assistance Listing Number</u>	<u>Name of Program</u>
84.425	Education Stabilization Fund
Dollar threshold to distinguish between Type A and Type Programs: \$750,000	
Auditee qualified as a low-risk auditee:	Yes

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Summary Schedule of Prior Audit Finding
For the Year Ended
June 30, 2022

None:

SUPPLEMENTARY INFORMATION

**EDUCATION EXPLOSION, INC.
D/B/A
IMPACT CHARTER ELEMENTARY SCHOOL
FOR THE YEAR ENDED
JUNE 30, 2022**

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

Name	Salaries	Benefits Insurance	Benefits Retirement	Benefits Medicare	Per Diem	Reimbursements	Conference Travel	Special Meals	Totals
Chakesha Scott (Chief Executive Officer)	\$ 191,771.00	\$ 18,945.00	\$ 14,956.00	\$ 2,781.00	\$ -	\$ -	\$ 8,965.00	\$ -	\$ 237,418.00

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

To the Board of Directors

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

Baker, LA

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period **July 1, 2021 through June 30, 2022**. Education Explosion, Inc. d/b/a Impact Charter Elementary School's management is responsible for those C/C areas identified in the SAUPs.

Education Explosion, Inc. d/b/a Impact Charter Elementary School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period **July 1, 2021 through June 30, 2022**. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

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

No exceptions noted.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁸ if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁹ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

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

No exceptions noted.

Collections (excluding electronic funds transfers)

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

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

No exceptions noted.

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

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

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

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and

supporting documentation indicates deliverables included on the invoice were received by the entity.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

 - b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)¹⁴. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - a) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - b) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

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

associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

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

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

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

Debt Service

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

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

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

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observe the entity has posted, on its premises²¹ and website, the notice required by R.S.

24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.²²

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

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

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

No exceptions noted.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

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

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

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

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

Bobbie L. Howard
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Houma, LA 70360
December 27, 2022