

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

CONSOLIDATED FINANCIAL REPORT

June 30, 2024

Sean M. Bruno
Certified Public Accountants, LLC

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

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Sean M. Bruno
Certified Public Accountants, LLC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Helix Network of Educational Choices
Baton Rouge, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of **Helix Network Of Educational Choices** (a nonprofit organization) (the Academies), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Academies as of June 30, 2024, 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 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 Consolidated Financial Statements section of our report. We are required to be independent of the Academies 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academies' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Academies' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academies' 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 Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The Consolidating Schedule of Financial Position and Consolidating Schedule of Activities on pages 23 and 24, respectively, are not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Academies' 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 Academies' 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 Academies' internal control over financial reporting and compliance.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

August 1, 2025

HELIX NETWORK OF EDUCATIONAL CHOICES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

CURRENT ASSETS

Cash	\$ 329,792
Receivables	924,267
Prepaid expenses and other	<u>10,000</u>
Total current assets	<u>1,264,059</u>

NONCURRENT ASSETS

Right-of-use assets - financing lease, net	13,128,868
Right-of-use assets - operating lease, net	3,619
Property and equipment, net	<u>3,236,398</u>
Total noncurrent assets	<u>16,368,885</u>
Total Assets	<u>\$ 17,632,944</u>

CURRENT LIABILITIES

Accounts payables and accrued expenses	\$ 286,857
Due to management company, net	132,495
Compensated absences	124,673
Student activity funds	-
Notes payable, current portion	252,690
Current portion of financing lease liabilities, net present value discount	250,128
Current portion of operating lease liabilities, net present value discount	3,707
Lines of credit	<u>352,847</u>
Total current liabilities	<u>1,403,397</u>

LONG-TERM LIABILITIES

Financing lease liabilities, net of current portion and present value discount	13,938,072
Operating lease liabilities, net of current portion and present value discount	-
Notes payable, net of current portion	<u>405,431</u>
Total long-term liabilities	<u>14,343,503</u>
Total liabilities	<u>15,746,900</u>

NET ASSETS

Without donor restrictions	1,606,044
With donor restrictions	<u>280,000</u>
Total net assets	<u>1,886,044</u>
Total liabilities and Net Assets	<u>\$ 17,632,944</u>

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

**HELIX OF EDUCATIONAL CHOICES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
State grant - Minimum Foundation Program (MFP)	\$ 11,954,757	\$ -	\$ 11,954,757
Federal grants	1,127,104	-	1,127,104
Contributions	484,233	250,000	734,233
Contributions of nonfinancial assets	-	-	-
Income from meals	2,344	-	2,344
State grant - JROTC	68,870	-	68,870
College Work-study	162,000	-	162,000
Other income	<u>352,826</u>	<u>-</u>	<u>352,826</u>
Total Revenues and Support	<u>14,152,134</u>	<u>250,000</u>	<u>14,402,134</u>
EXPENSES			
Program services	7,706,147	-	7,706,147
Operations and maintenance	1,518,400	-	1,518,400
General and Administrative	<u>5,497,220</u>	<u>-</u>	<u>5,497,220</u>
Total expenses	<u>14,721,767</u>	<u>-</u>	<u>14,721,767</u>
Change in net assets	(569,633)	250,000	(319,633)
NET ASSETS (DEFICIT)			
Beginning of year	<u>2,175,677</u>	<u>30,000</u>	<u>2,205,677</u>
End of year	<u>\$ 1,606,044</u>	<u>\$ 280,000</u>	<u>\$ 1,886,044</u>

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

**HELIX NETWORK OF EDUCATIONAL CHOICES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (319,633)
Adjustments to reconcile change in net asset to net cash provided by operating activities:	
Depreciation expense	605,135
Amortization of right-of-use assets - financing lease	415,072
Contributions of nonfinancial assets	-
Change in operating assets and liabilities	
Accounts receivable	49,119
Prepaid expenses and other	2,522
Right-of-use assets - operating lease	89,320
Operating lease liabilities	(99,627)
Accounts payable and other liabilities	<u>(540,818)</u>
Net cash provided by operating activities	<u>201,090</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(302,069)</u>
Net cash used in investing activities	<u>(302,069)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowing from line of credit	2,044,610
Proceeds from note payable	497,491
Principal payments on finance lease liability	(195,523)
Principal payments on note payable	(72,566)
Payments on lines of credit	<u>(2,141,759)</u>
Net cash provided by financing activities	<u>132,253</u>

Net increase in cash	31,274
Cash	
Beginning of year	<u>298,518</u>
End of year	<u><u>329,792</u></u>

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 501,909
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The accompanying notes to consolidated financial statements are an integral part of this statement.

**HELIX NETWORK OF EDUCATIONAL CHOICES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Function			Totals
	<u>Program Services</u>	<u>Operations and Maintenance</u>	<u>General and Administrative</u>	
Contracted services	\$ 5,735,802	\$ 86,806	\$ 4,220,901	\$ 10,043,509
Depreciation and amortization	350,820	412,425	256,962	1,020,207
Materials and supplies	393,832	97,335	283,479	774,646
Student transportation	758,099	-	-	758,099
Interest	-	57,300	444,609	501,909
Food and Beverage	428,759	-	-	428,759
Rent	-	381,228	-	381,228
Utilities	-	231,228	-	231,228
Insurance	-	-	216,923	216,923
Repairs and maintenance	-	111,376	-	111,376
Operating lease	-	90,378	-	90,378
Recruiting	21,148	-	-	21,148
Telephone and internet	4,270	-	3,096	7,366
Legal	-	-	5,691	5,691
Property taxes	-	-	-	-
Other	13,417	50,324	65,559	129,300
	<u>13,417</u>	<u>50,324</u>	<u>65,559</u>	<u>129,300</u>
Total expenses	<u>\$ 7,706,147</u>	<u>\$ 1,518,400</u>	<u>\$ 5,497,220</u>	<u>\$ 14,721,767</u>

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

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Helix Network of Educational Choices (the Academies) established its first educational institution, Helix Mentorship Academy, on July 1, 2010, as a non-profit corporation under the laws of the State of Louisiana. In 2021, the Academy expanded its operations by establishing two additional institutions, Helix Legal Academy and Helix Aviation Academy. The Academies currently operate under a contract with the East Baton Rouge Parish School System (EBRPSS) to operate as Type 1 charter schools. The Academies are public, tuition free, charter schools for students in sixth, seventh, and eighth grade (Helix Aviation and Helix Legal Academy) and students in ninth through twelfth grade (Helix Mentorship Academy). On February 27, 2023, the Academies were awarded two charter contracts with St. Landry Parish School Board to operate two Type 1 charter schools in St. Landry Parish. Helix Artificial Intelligence and Medical Academy and Helix Energy and Agriculture Academy are scheduled to open in the fall of 2025 and 2026, respectively. The mission of the Academies is to develop young adults who learn continuously as our economies and communities change through mentoring relationships with industry professionals.

The Academies started their twelfth year with approximately 875 students for the 2023-2024 school year. This was an increase from 571 students for the 2022-2023 school year. For the 2024-2025 school year, enrollment increased to 955 students. As the Academies continue to expand their enrollment, the Academies have been awarded grants from New Schools of Baton Rouge and federal sources to assist the Academies in expanding their personnel and operations over the next three to five fiscal years.

Basis of consolidation

The assets, liabilities, net assets, revenues and expenses of Helix Network of Educational Choices and HCS Baton Rouge have been consolidated as Helix Network of Educational Choices (the Academies). Helix Network of Educational Choices has a charter school contract with EBRPSS for the operation of Helix Mentorship Academy. HCS Baton Rouge has two charter school contracts with EBRPSS for the operation of Helix Aviation Academy and Helix Legal Academy. Helix Network of Educational Choices and HCS Baton Rouge are controlled by the same governing board. All significant intercompany transactions have been eliminated in consolidation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial statement presentation

The consolidated financial statements of the Academies have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements. The Academies report information regarding financial position and activities according to the two classes of net assets as follows:

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

Net assets with donor restriction are net assets subject to donor-imposed stipulations that may or will be met by actions of the Academies and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

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

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, compensated absences, right-of-use assets, amortization, contributed nonfinancial assets, and allocation of functional expenses.

Revenues and support

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

Other funding sources of the Academies are related to federal funds that are provided through the Louisiana Department of Education and the East Baton Rouge Parish School Board. These federal funds are typically for food service that is based on the number of students, which is restricted in use. A portion of the Academies revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Academies incur expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. There were no refundable advances as of June 30, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and support (Continued)

The Academies recognize contributions as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Conditional contributions or promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts on multi-year pledges is recorded as additional contribution revenue as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions. The Academies did not have any promises to give at June 30, 2024.

Cash

Cash, for purposes of the statement of cash flows, consists of cash on hand, demand deposit and savings accounts

Receivables

Receivables are stated at the amount management expects to collect. Management considers all amounts to be collectible; therefore, no allowance has been recorded at June 30, 2024.

Functional expenses

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value financial instruments

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

Property and equipment

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

Leases

Effective July 1, 2023, the first day of fiscal 2023, the Academies adopted the requirements of ASU No. 2016-02, *Leases* (Topic 842) (“ASU 2016-02”) which is intended to increase transparency and comparability of accounting for lease transactions. For all lease with terms greater than 12 months, the new guidance requires lessees to recognize right-of-use asset and corresponding lease liabilities on the balance sheet and to disclose qualitative and quantitative information about lease transactions. The new standard maintains a distinction between finance leases and operating leases.

The Academies determine if an arrangement contains a lease at inception. Leases are then classified as either operating or finance leases depending on the characteristics of the lease. Right-of-use (ROU) assets represent the Academies’ right to control the use of a specified asset for the lease term, and lease liabilities represent the Academies’ obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments; the Academies use the risk-free discount rate when the discount rate is not implicit in the lease. The lease term is the non-cancellable period of the lease, including any options to extend, purchase, or terminate the lease depending on whether the Academies are reasonably certain to exercise those options.

The costs associated with operating leases are recognized on a straight-line basis over the period of the leases. Finance leases ROU assets are amortized on a straight-line basis over the shorter of the estimated useful lives or the lease terms, and interest expense incurred on the lease liabilities is included in interest expense. If the lease transfers ownership to the Academies or the Academies are reasonably certain to exercise the option to purchase the underlying asset, the ROU asset is amortized to the end of the useful life of the underlying asset. Assumptions made by the Academies at the commencement date are re-evaluated upon occurrence of certain events, including lease modifications when that modification is not accounted for as a separate contract.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Academies do not recognize ROU assets and lease liabilities on short-term leases but recognize lease expense for these leases on a straight-line basis over the lease terms and any variable lease payments in the period in which the obligation for those payments are incurred.

See Note 3 for additional information and disclosures regarding leases.

Advertising

Advertising expenses are expensed as incurred and totaled \$21,148 for the fiscal year ended June 30, 2024. This is included in the statement of functional expenses as recruiting expense.

Compensated absences

The compensated absence policy of the Academies states instructional staff members can earn up to seven days of vacation and sick leave during the fiscal year, are allowed to carryover unused vacation and sick days from year to year. After three years of service, employees are eligible to receive a payout of any unused paid time off. A request for payout must be made to the Supervisor for approval. Non-instructional staff members may earn up to fifteen vacation and sick days and can carryover five days at year end, for a maximum annual benefit of twenty days. At June 30, 2024, the Academies had \$124,673 of accrued compensated absences.

Tax exempt status

The Academies are each a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740 *Income Taxes*. As of June 30, 2024, the Academies have no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements. The open audit periods of the Academies are 2021 through 2024.

Subsequent events

Subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements were evaluated through August 1, 2025, which was the date the consolidated financial statements were available to be issued. See Note 12.

NOTE 2 - PROPERTY AND EQUIPMENT

Property, service lives, and accumulated depreciation at June 30, 2024 were as follows:

	<u>Estimated Service Lives</u>	<u>Amount</u>
Buildings	20 years	\$ 1,305,275
Leasehold improvements	5-20 years	1,586,844
Furniture, fixtures, and equipment	3-15 years	<u>2,915,262</u>
		5,807,381
Less accumulated depreciation		<u>(2,570,983)</u>
Property and equipment, net		<u>\$ 3,236,398</u>

Depreciation expense was \$605,135 for 2024.

NOTE 3 - LEASES

The Academies incurred the following lease costs for the year ended June 30, 2024:

	<u>Amount</u>
Finance lease expense	
Amortization of right-of-use assets	\$ 415,072
Interest on lease liabilities	444,574
Operating lease expense	<u>90,378</u>
Total	<u>\$ 950,024</u>

Finance leases

The Company has right-of-use leased assets for a building and a copier through financing leases. The leases are paid in monthly installments ranging from \$3,264 to \$52,780. The carrying liability is recorded at the present value of the future lease payments using a weighted-average discount rate equal to the U.S. Treasury Rate (3.11%) as of July 1, 2022, which is when the initial valuation of the liabilities were recorded. The leases are set to mature between May 2024 and June 2056, for a weighted average remaining lease term of 32.91 years. The leases contain renewal options in which renewal is not considered reasonably certain.

Finance lease assets, related service life, and accumulated amortization at June 30, 2024 are as follows:

	<u>Estimated Service Lives</u>	<u>Amount</u>
Building	20 years	\$ 13,953,718
Equipment	5 years	<u>5,824</u>
		13,959,542
Less accumulated amortization		<u>(830,674)</u>
Total		<u>\$ 13,128,868</u>

NOTE 3 – LEASES (CONTINUED)

Amortization expense for the year ended June 30, 2024 was \$415,072.

The Academies have financing lease liabilities of \$14,188,200 as of June 30, 2024, with \$250,128 maturing within the next year.

Operating leases

The Academies have right-of-use leased assets for a buildings through operating leases. The leases are paid in monthly installments ranging from \$3,539 to \$10,927. The carrying liability is recorded at the present value of the future lease payments using a weighted- average discount rate equal to the U.S. Treasury Rate (2.84%) as of the respective date in which the initial valuation of the liabilities were recorded. The leases contain renewal options in which renewal is not considered reasonably certain.

The Academies have operating lease liabilities of \$3,707 as of June 30, 2024, with \$3,707 maturing within the next year.

See Note 10 for rent expense incurred during the fiscal year ended June 30, 2024, related to short-term leases.

Future maturities and weighted averages of lease liabilities

Future maturities of lease liabilities as of June 30, 2024 are as follows:

Year ending June 30th	Financing	Operating
2025	\$ 687,920	\$ 3,716
2026	753,188	-
2027	704,881	-
2028	701,910	-
2029	703,241	-
Thereafter	<u>18,798,120</u>	
Total undiscounted cash flows	22,349,260	3,716
Less: present value discount	<u>(8,161,060)</u>	<u>(9)</u>
Total lease liabilities	<u>\$ 14,188,200</u>	<u>\$ 3,707</u>

NOTE 4 - NOTES PAYABLE

On July 21, 2022, the Academies entered into a note payable for equipment. The note is due in monthly installments of \$2,827 at an annual interest rate of 6.25%. The note matures July 2027 and is secured by the underlying equipment. The balance of the note payable at June 30, 2024 is \$94,696.

On October 26, 2022, the Academies entered into a note payable in exchange for a equipment. The note is due in an initial payment of \$13,000 and monthly installments of \$1,200. While the agreement does not express and explicit rate the note payable is recorded at its present value of future payments using an implicit interest rate of 5.13%. The balance of the note payable at June 30, 2024 is \$4,944.

On November 10, 2022, the Academies entered into a note payable in exchange for a reduction of amounts due related to the Academies accounts payable for services previously provided by the vendor. The note is due in monthly installments of \$7,847 commencing on December 1, 2024, at an annual interest rate of 4%. The note matures November 10, 2024. The balance of the note payable at June 30, 2024 is \$99,273.

On August 9, 2023, the academies entered into a note payable in the amount of \$247,491 for expansion of the academies. The note is due in monthly installments of \$5,027 at an annual interest rate of 7.95%. The note matures on August 9, 2028, and is collateralized by the deposits of the academies held with the creditor's institution. The balance of the note payable at June 30, 2024, is \$209,208.

On September 19, 2023, the academies entered into a multiple advance note payable for costs related to expansion of the academies in the amount of \$900,000. The note is due in monthly installments of \$7,669 at an annual interest rate of 8.25%. The note matures of August 19, 2029, and is collateralized by the deposits of the academies held with the creditor's institution. As of June 30, 2024, \$250,000 has been disbursed to the academies.

Future maturities of notes payable as of June 30, 2024 are as follows:

Year ending June 30th	Amount
2025	\$ 252,690
2026	160,007
2027	172,904
2028	66,741
2029	5,779
Total	<u>\$ 658,121</u>

NOTE 5 - LINES OF CREDIT

The academies have two variable interest rate (1.6% over lender prime rate) revolving lines of credit with borrowing limits of \$100,000 each, total limit of \$200,000. The lines of credit mature on July 21, 2024. The lines of credit are payable on demand and guaranteed by a member of the management company of the Academies. The outstanding balance of the lines of credit at June 30, 2024 is \$115,846, collectively.

Additionally, the academies have a variable interest (at lender prime rate of 8.25%) revolving line of credit with a borrowing limit of \$250,000. The line of credit is payable on demand and guaranteed by a member of the management company of the Academies. The outstanding balance of the line of credit at June 30, 2024 is \$237,001.

The total balance on all lines of credit of the Academies at June 30, 2024 is \$352,847.

NOTE 6 - NET ASSETS

With donor restrictions

Net assets with donor restrictions consists of amounts restricted for specific purposes, available for property acquisitions, and campus improvements.

<u>Purpose</u>	<u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>2024</u>
Subject to satisfaction of purpose restrictions:				
Playground improvements	\$ 30,000	-	-	\$ 30,000
Land acquisition – New Academy	-	250,000	-	250,000
	<u>30,000</u>	<u>250,000</u>	<u>-</u>	<u>280,000</u>

NOTE 7 - RETIREMENT PLAN

The Academies sponsor an Internal Revenue Code Section 403(b) Plan which covers substantially all employees of the Academy immediately upon employment. Employees may contribute up to the lesser of \$22,500 or 100% of includable compensation. The Academy matches 100% of the employee's elective contribution to the retirement plan, not to exceed 4% of the employee's compensation. Employer contributions reimbursed by the Academies as a direct expense through its contracted services agreement were \$57,573 for 2024.

NOTE 8 - CONCENTRATIONS

Revenues and receivables

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

	<u>Revenues</u>	<u>Receivables</u>
Minimum Foundation Program (MFP) grant	83%	100%
Federal grants	8%	0%
Other	4%	0%
Contributions	<u>5%</u>	<u>0%</u>
	<u>100%</u>	<u>100%</u>

Credit risk

The Academies typically maintains cash in local banks that may, at times, exceed Federal Deposit Insurance Corporation (FDIC) limits of \$250,000 per financial institution. Management believes the risk is limited. At June 30, 2024, the Academies was exposed to \$722 in custodial credit risk, which represents the amount held in a checking account in excess of FDIC coverage.

NOTE 9 - COMMITMENT AND CONTINGENCIES

Lease - Aviation Academy

The Academies entered into a twelve-month lease agreement to rent land and buildings used in operations effective July 1, 2022. Monthly rent under the lease agreement is \$16,800 with an option to renew annually. The agreement contains deferred payments for one year to be repaid monthly beginning July 2024. If the option to renew is exercised, previously deferred amounts will be paid in addition to a monthly rent expense of \$16,800.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>Amount</u>
Financial assets, at year end	
Cash	\$ 329,792
Receivables	924,267
Less: Net assets with donor restrictions	<u>(280,000)</u>
Financial assets available within on year, at year end	<u>\$ 974,059</u>

As part of the Academies' liquidity management, the Academies maintains sufficient cash funds during the year attributable to the annual cash receipts from federal, state, and local grants, and contributions from foundations and individuals. To help manage unanticipated liquidity needs, the Academies' have committed three lines of credit in the amount of \$250,000, \$100,000, and \$100,000 which it could draw upon. As of June 30, 2024, \$97,153 was available.

NOTE 11 - AFFILIATED ORGANIZATIONS

Management company

The Academies have a contract for certain management and administrative services with Helix Community Schools, which is based on 15 percent of revenues from the Minimum Foundation Program (MFP). Also, the management company will pay certain direct expenses, which the Academies will reimburse the management company. The Academies incurred the following cost related contracted services provided by the management company for the year ended June 30, 2024:

	<u>Amount</u>
Contracted Service:	
Salaries and benefits	\$ 7,016,636
Professional services and management fee	<u>1,793,214</u>
Total	<u>\$ 8,809,850</u>

NOTE 11 - AFFILIATED ORGANIZATIONS (CONTINUED)

Management company (Continued)

The Academies' payable due to the management company, net was \$132,495 at June 30, 2024. The amounts have no set repayment terms. Helix Community Schools' governing board is independent of the Academies' governing board with no overlapping board members.

Helix STEAM Properties

As described in Note 3, the Academies lease space for Mentorship Academy and Legal Academy from Helix STEAM Properties. In June 2021, Helix STEAM Properties issued tax-exempt bonds for the purpose of financing the acquisition, renovation, and equipping of facilities for the operation of Mentorship and Legal Academy. The purpose of the acquisition was to support the Academies, where the Academies would enter into an agreement with Helix STEAM Properties to lease the facilities and make monthly lease payments in amounts sufficient to pay the monthly principal and interest obligations of the tax-exempt bond. Helix STEAM Properties governing board is independent of the Academies' governing board.

NOTE 12 – SUBSEQUENT EVENTS

On November 14, 2024, the board of directors of the academies approved the sale and transport of two modular classroom buildings to an out of state non-profit corporation. The sales price for the two buildings was \$500,000. Additionally, the academies were responsible for the cost of disassembling and transporting the modular buildings up to a maximum amount of \$125,000.

On December 12, 2024, the academies sold an additional two classroom modular buildings to a second out of state non-profit corporation. The sales price for the two buildings was \$500,000.

SUPPLEMENTARY INFORMATION

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

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

For the year ended June 30, 2024

Agency Head: Arthur R. Cooper, Board Chair

No compensation paid from public funds.

See Independent Auditors' Report

**HELIX NETWORK OF EDUCATIONAL CHOICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture			
Passed through the Louisiana Department of Education/Child Nutrition Cluster			
School Breakfast Program	10.553	Unavailable	\$ 150,565
*National School Lunch Program	10.555	Unavailable	<u>442,113</u>
Total Child Nutrition Cluster			<u>592,678</u>
Total U.S. Department of Agriculture			<u>592,678</u>
U.S. Department of Education			
Passed through East Baton Rouge Parish School System			
Education Stabilization Fund			
*COVID-19 Education Stabilization Fund - ESSER II Formula	84.425D	20938	245,920
COVID-19 Education Stabilization Fund - ESSER III Formula	84.425U	20939	<u>127,122</u>
Total Education Stabilization Fund			373,042
Title I Grants to Local Educational Agencies	84.01	20977	155,238
Supporting Effective Instruction State Grants (Title II)	84.367	20945	1,800
Student Support and Academic Enrichment Program (Title IV)	84.424A	20991	<u>3,694</u>
Total U.S. Department of Education			<u>533,774</u>
Total Expenditures of Federal Awards			\$ <u>1,126,452</u>

*Major Program

See Independent Auditors' report

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Helix Network of Educational Choices (the Academies) under programs of the federal government for the year ended June 30, 2024. Information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Schedule presents only a selected portion of the operations of the Academies; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Academies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Academies have elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - NONCASH ASSISTANCE

The Academies did not receive any federal noncash assistance for the year ended June 30, 2024.

See Independent Auditors' report

HELIX NETWORK OF EDUCATIONAL CHOICES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2024

ASSETS	Mentorship	Helix Legal	Helix Aviation		
CURRENT ASSETS	<u>Academy</u>	<u>Academy</u>	<u>Academy</u>	<u>Eliminations</u>	<u>Total</u>
Cash	\$ 281,628	\$ 21,013	\$ 27,151	\$ -	\$ 329,792
Receivables	553,087	164,778	206,402	-	924,267
Intercompany receivable	-	-	81,170	(81,170)	-
Prepaid expenses and other	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total current assets	<u>844,715</u>	<u>185,791</u>	<u>314,723</u>	<u>(81,170)</u>	<u>1,264,059</u>
NONCURRENT ASSETS					
Right-of-use assets - financing lease	13,128,868	-	-	-	13,128,868
Right-of-use assets - operating lease	-	3,619	-	-	3,619
Property and equipment, net	<u>2,149,536</u>	<u>-</u>	<u>1,086,862</u>	<u>-</u>	<u>3,236,398</u>
Total noncurrent assets	<u>15,278,404</u>	<u>3,619</u>	<u>1,086,862</u>	<u>-</u>	<u>16,368,885</u>
Total assets	<u>\$ 16,123,119</u>	<u>\$ 189,410</u>	<u>\$ 1,401,585</u>	<u>\$ (81,170)</u>	<u>\$ 17,632,944</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 124,586	\$ 43,316	\$ 118,955	\$ -	\$ 286,857
Due to management company, net	308,225	(39,349)	(136,381)	-	132,495
Compensated absences	72,910	12,249	39,514	-	124,673
Intercompany payable	55,053	26,117	-	(81,170)	-
Student activity funds	-	-	-	-	-
Note payable, current portion	201,020	907	50,763	-	252,690
present value discount	250,128	-	-	-	250,128
present value discount	-	3,707	-	-	3,707
Lines of credit	<u>237,001</u>	<u>20,477</u>	<u>95,369</u>	<u>-</u>	<u>352,847</u>
Total current liabilities	<u>1,248,923</u>	<u>67,424</u>	<u>168,220</u>	<u>(81,170)</u>	<u>1,403,397</u>
LONG-TERM LIABILITIES					
and present value discount	13,938,072	-	-	-	13,938,072
and present value discount	-	-	-	-	-
Notes payable, less current portion	<u>339,564</u>	<u>-</u>	<u>65,867</u>	<u>-</u>	<u>405,431</u>
Total long-term liabilities	<u>14,277,636</u>	<u>-</u>	<u>65,867</u>	<u>-</u>	<u>14,343,503</u>
Total liabilities	15,526,559	67,424	234,087	(81,170)	15,746,900
NET ASSET					
With donor restrictions	316,560	121,986	1,167,498	-	1,606,044
Without donor restrictions	<u>280,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,000</u>
Total net assets (deficit)	<u>596,560</u>	<u>121,986</u>	<u>1,167,498</u>	<u>-</u>	<u>1,886,044</u>
Total liabilities and net assets (deficit)	<u>\$ 16,123,119</u>	<u>\$ 189,410</u>	<u>\$ 1,401,585</u>	<u>\$ (81,170)</u>	<u>\$ 17,632,944</u>

See Independent Auditors' report

**HELIX NETWORK OF EDUCATIONAL CHOICES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Mentorship <u>Academy</u>	Helix Legal <u>Academy</u>	Helix Aviation <u>Academy</u>	<u>Total</u>
REVENUES AND SUPPORT				
State grant - Minimum Foundation Program	\$ 7,580,873	\$ 1,776,907	\$ 2,596,977	\$ 11,954,757
Federal grants	449,997	405,121	271,986	1,127,104
Contributions	338,341	35,497	360,395	734,233
Income from meals	-	-	2,344	2,344
State grant - JROTC	68,870	-	-	68,870
College Workstudy	162,000	-	-	162,000
Other income	<u>270,856</u>	<u>28,788</u>	<u>53,182</u>	<u>352,826</u>
 Total revenues and support	 <u>8,870,937</u>	 <u>2,246,313</u>	 <u>3,284,884</u>	 <u>14,402,134</u>
 EXPENSES				
Contracted services	6,428,611	1,501,322	2,113,576	10,043,509
Depreciation and amortization	710,773	2,647	306,787	1,020,207
Materials and supplies	430,107	130,569	213,970	774,646
Interest	488,745	3,172	9,992	501,909
Student transportation	586,129	65,553	106,417	758,099
Food and beverage	256,400	68,697	103,662	428,759
Rent	54,975	105,805	220,448	381,228
Utilities	157,123	5,146	68,959	231,228
Operating lease	-	90,378	-	90,378
Insurance	135,555	36,161	45,207	216,923
Repairs and maintenance	73,745	7,982	29,649	111,376
Telephone and internet	-	-	7,366	7,366
Legal	2,998	1,366	1,327	5,691
Recruiting	2,471	1,025	17,652	21,148
Other	<u>88,293</u>	<u>20,366</u>	<u>20,641</u>	<u>129,300</u>
 Total expenses	 <u>9,415,925</u>	 <u>2,040,189</u>	 <u>3,265,653</u>	 <u>14,721,767</u>
 Change in net assets	 <u>\$ (544,988)</u>	 <u>\$ 206,124</u>	 <u>\$ 19,231</u>	 <u>\$ (319,633)</u>

See Independent Auditors' report

Reports on Internal Control and Compliance
HELIX NETWORK OF EDUCATIONAL CHOICES
Baton Rouge, Louisiana

June 30, 2024

Sean M. Bruno
Certified Public Accountants, LLC

**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**

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

To the Board of Directors
Helix Network of Educational Choices
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of **Helix Network Of Educational Choices** (the Academies) (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, cash flows, and functional expenditures for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Academies' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academies' internal control. Accordingly, we do not express an opinion on the effectiveness of the Academies' 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 the 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 were not 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 questioned costs as item 2024-002 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academies' consolidated 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 are required to be reported under the *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

The Academies' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Academies' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Academies' response was not subjected to the other 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 Academies' internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Academies' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

August 1, 2025

Sean M. Bruno
Certified Public Accountants, LLC

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

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

To the Board of Directors
Helix Network of Educational Choices
Baton Rouge, Louisiana

Report on Compliance for the Major Federal Program

Opinion on Major Federal Program

We have audited **Helix Network Of Educational Choices** (the Academies) (a nonprofit organization), 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 Academies major federal program for the year ended June 30, 2024. The Academies' 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 Academies 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, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; *Louisiana Governmental Audit Guide*, and 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 Academies 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 Academies' 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 Academies' 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 Academies' 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 Academies' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards *and 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 Academies' 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 Academies' 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 Academies' 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the Academies response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Academies response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Responsibility 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 and 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.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

August 1, 2025

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2024

1) SUMMARY OF AUDITORS' RESULTS:

A) The type of report issued on the consolidated financial statements: **Unmodified Opinion.**

B) Significant deficiency in internal control were disclosed by the audit of consolidated financial statements: **2024-002.**

Material weaknesses: **None Reported.**

C) Noncompliance that is material to the consolidated financial statements: **2024-001**

D) Significant deficiencies in internal control over major programs: **None reported.**

Material weaknesses: **None reported.**

E) The type of report issued on compliance for major programs: **Unmodified Opinion.**

F) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance: **Yes**

Identification of Major Programs:

U.S. Department of Agriculture

Child Nutrition Cluster:

10.553 School Breakfast Program

10.555 National School Lunch Program

U.S. Department of Education

84.425D COVID-19 – Education Stabilization Fund – ESSER II Formula

G) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

H) Helix Network of Educational Choices did not qualify to be a low-risk auditee.

2) FINDINGS – RELATED TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:

2024-001 Annual Audit Report Filings

Condition: The audited financial statements of the Academies were not submitted in the period prescribed by Louisiana Revised Statue (R.S.) 24:513.

**2) FINDINGS – RELATED TO THE BASIC FINANCIAL STATEMENTS
REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED):**

2024-001 Annual Audit Report Filings (Continued)

Condition (Continued): Nor were the audited financial statements filed with the Federal Audit Clearinghouse within the prescribed time.

Criteria: In accordance with the Louisiana Revised Statute (R.S.) 24:513 and 24:514, audit reports are due to the Louisiana Legislative Auditor (LLA) no later than six months after the local auditee’s fiscal year end.

In accordance with the Uniform Guidance, the office is required to submit the annual audit reporting package and Data Collection Form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditors’ reports or nine months after the end of audit period.

Cause: The Academies engaged a new auditing firm for the current year’s audit. There were delays that occurred as a part of the transition process.

Effect: The required annual audit reports were not completed until after the prescribed due dates resulting in the Academies not being compliant with the filing requirements of the Louisiana Legislative Auditor or the Federal Clearinghouse.

Recommendation: We recommend that the Academies take the necessary steps to ensure that future audits are issued timely in accordance with prescribed guidelines.

Views of responsible officials: See views of responsible officials on page 35.

2024-002 Manual Journal Entries

Condition: During our test of manual journal entries, management was unable to provide documentation showing that the journal entries were approved and reviewed by the required level of management.

Criteria: The Academies manual journal entry policy requires all manual adjusting entries to be reviewed and approved with the necessary support documents before posting to the general ledger.

Cause: Management failed to exercise due diligence in certain aspects of monitoring manual journal entry transactions.

Questioned Costs: For the purpose of this condition, I have no questioned costs.

Effect: The Academies are not compliant with their internal financial policies and procedures regarding manual journal entries.

Repeat Finding: No.

Recommendation: Management should revisit the level of oversight afforded in the financial reporting processes to ensure its completeness in executed transactions.

Views of Responsible Officials: See views of responsible officials on page 35.

3) FINDINGS RELATED TO FEDERAL AWARD PROGRAMS

2024-001 Annual Audit Report Filings – See Finding 2024-001 in Section 2 Above

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2024

2023-001 State Audit Law

This matter has been reclassified as item 2024-001.

2023-002 Credit Cards

Condition: We performed certain tests over credit card purchases during our performance of the statewide agreed upon procedures. Based on the testing performed over 36 transactions totaling \$8,437, the Academies were unable to provide support for 28 out of 36 transactions tested. The total of unsupported charges was approximately \$7,438. Although supporting documentation could not be provided for the 28 transactions, the President of the Charter Management Organization (CMO) notated approval of the credit card charges through signature on the respective credit card statements.

Criteria: The Academies credit card policy requires all purchases must receive approval prior to purchase and be accompanied by a purchase receipt. Furthermore, the Academies' credit card policy state that once the purchase has been completed, the receipt should be turned in to the finance department along with the documentation of approval.

Cause: The Academies did not maintain sufficient supporting documentation for these credit card transactions.

Effect: The Academies are not compliant with their internal financial policies and procedures regarding purchases made by use of credit cards.

Recommendation: We recommend the Academies reinforce its current credit card policy to ensure all purchases are supported by a receipt and documentation of approval prior to the purchase being made as required by the Academies' financial policies and procedures.

Status – Not Repeated

2023-003 Internal Control Over Financial Reporting

Title and Assistance Listing Number of the Federal Program: 84.425D COVID-19 - Elementary and Secondary School Emergency Relief Fund; 84.425U COVID-19 - American Rescue plan - Elementary and Secondary School Emergency Relief

Fiscal Year Finding Originated: 2023

Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Name of Federal Agency: Department of Education

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED):

2023-003 Internal Control Over Financial Reporting (Continued)

Pass-through Agency: Louisiana Department of Education / East Baton Rouge Parish School Board

Questioned Costs: No questioned costs reported.

Condition: Significant audit adjustments were required to fairly present the consolidated financial statements and related Schedule of Expenditures of Federal Awards (SEFA).

Criteria: According to 2 CFR 200.508 “Auditee Responsibilities” the auditee must prepare appropriate financial statements, including the SEFA (as specifically defined under 2 CFR 200.510 “Financial statements”). Title 2 CFR 200.510 “Financial statements” requires recipients of Federal funds to prepare a SEFA for the period covered by the auditee’s financial statements, which must include the total Federal awards expended. In addition, as noted in 2 CFR 200.302 “Financial management”, the financial management system of each non-Federal entity must provide for identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received, and records that identify adequately the source and application of funds for federally-funded activities including expenditures. When federal expenditures are incurred over \$750,000, a Single Audit is required to be performed under *Uniform Guidance*. Failure to properly record federal expenditures could cause the Academies to not have a Single Audit performed, or have it performed improperly, which would be considered noncompliant with *Uniform Guidance*.

Cause: The impacts of the financial statement audit adjustments are as follows:

- Accounts receivable and revenue related to Employee Retention Tax Credits were overstated by \$600,000.
- Revenues and expenditures related to reimbursement-based federal grants included in testing as a major program were understated \$426,863. The Academies did not record certain grant revenues and expenditures for expenditures paid directly by the granting agency on behalf of the Academies. This adjustment impacted the SEFA and financial statements.
- Revenue related to Child Nutrition Program funds were overstated \$19,150. This adjustment impacted the SEFA and financial statements.
- Adjustments to property and equipment resulting in a net increase to net assets of \$29,583.
- Adjustments to accumulated depreciation resulting in a net decrease in net assets of \$54,906.
- Adjustments to inter-school payable amounts resulting in a net increase in net assets of \$23,015.
- Adjustments to accounts payable resulting in a net increase in net assets of \$60,179.
- Adjustments to due to management company resulting in a net increase in net assets of \$45,903.
- Adjustments to compensated absences resulting in a net decrease in net assets of \$24,391.

Effect: The consolidated financial statements and related SEFA required material adjustments in order to be presented fairly. A lack of accounting practices can cause potential misstatements to remain unidentified and cause the financial statements and related schedules to be misleading. Noncompliance with *Uniform Guidance* may result in a temporary suspension of federal awards.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED):

2023-003 Internal Control Over Financial Reporting (Continued)

Recommendation: We recommend the Academies implement monthly financial statement closing procedures which capture all relevant information necessary to reconcile accounts to supporting documentation on a timely basis. These procedures should include implementing internal controls over recording and monitoring revenues related to federal awards to ensure accuracy of funds recorded.

Status – Not Repeated

2023-004 Documentation of Review and Approval of Disbursements

Title and Assistance Listing Number of the Federal Program: 84.425D COVID-19 - Elementary and Secondary School Emergency Relief Fund; 84.425U COVID-19 - American Rescue plan – Elementary and Secondary School Emergency Relief

Fiscal Year Finding Originated: 2023

Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Name of Federal Agency: Department of Education

Pass-through Agency: Louisiana Department of Education / East Baton Rouge Parish School Board

Questioned Costs: No questioned costs reported.

Condition: The Academies were not consistently able to provide documentation of review and approval of transactions tested.

Criteria: As noted in 2 CFR 200.303 “Internal controls”, non-Federal entities must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

Cause: For non-payroll items, 9 out of 21 transactions tested did not have sufficient documentation notating review and approval of the non-payroll disbursements. As a result, internal controls over non-payroll disbursements were not operating effectively.

For payroll items, 8 out of 26 payroll transactions tested did not have sufficient documentation notating review and approval of the payroll costs. The Academies changed their payroll service provider during the fiscal year and did not retain pertinent information regarding approval of payroll from the previous payroll provider, to which the exceptions are derived from.

Effect: Disbursements that lack supervisory review and approval are at greater risk of being improper due to fraud or error.

Recommendation: The Academies should ensure internal controls are operating effectively and that documentation of internal controls is maintained to demonstrate the effectiveness of the control.

Status – Not Repeated



CORRECTIVE ACTION PLAN

2024-001 Annual Audit Report Filings

Views of Responsible Officials: Management acknowledges this finding. It will work more closely with the auditors in the future to more timely complete the audit. In addition, the academies have hired a Chief Financial Officer to help strengthen its accounting practices and policies.

Responsible Person: Preston Castille, Jr., Helix Community Schools, President

Anticipated Remediation Date: December 31, 2025

2024-002 Manual Journal Entries

Views of Responsible Officials: Management acknowledges this finding. Management intends to reinforce the established financial policies and procedures regarding such accounting entries. In addition, the academies have hired a Chief Financial Officer to help strengthen its accounting practices and policies.

Responsible Person: Preston Castille, Jr., Helix Community Schools, President

Anticipated Remediation Date: August 30, 2025

Preston Castille, Jr.
Helix Community Schools, President

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

HELIX NETWORK OF EDUCATIONAL CHOICES

Baton Rouge, Louisiana

For the year ended June 30, 2024

Sean M. Bruno
Certified Public Accountants, LLC

Sean M. Bruno
Certified Public Accountants, LLC

**INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

To the Board of Directors of Louisiana
Helix Network of Educational Choices and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. **HELIX NETWORK OF EDUCATIONAL CHOICES** (the Academies') management is responsible for those C/C areas identified in the SAUPs.

The Academies have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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 schedule of exceptions are as follows:

1) *Written Policies and Procedures*

- A. 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***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).

- v. **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 rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. **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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. 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
 - i. 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.
 - ii. 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. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. 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.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. 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 accounts (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:
 - i. 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);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. 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.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. 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
- i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

- A. 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 and 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
- i. If reimbursed using a per diem, observe that 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that 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 Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. 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. *Alternatively, 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
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

- iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and
- iv. 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 that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. 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.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

- b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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).

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the Agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020-completed the training, and
 - Hired on or after June 9, 2020-completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that 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).
- C. 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 that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

HELIX NETWORK OF EDUCATIONAL CHOICES
SCHEDULE OF EXCEPTIONS
For the year ended June 30, 2024

Exceptions:

No exceptions were found as a result of applying the procedures listed above, except as follows:

Written Policies and Procedures:

1(A)(ii) The purchasing policy of the Academies does not address how vendors are added to the vendor list.

1(A)(vi) The Contracts policy of one of the three institutions tested does not address legal review or the monitoring of contracts.

1(A)(xi) One of the three institutions tested did not have Information Technology Disaster Recovery/Business Continuity policies and procedures, and as a result the areas of (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 are not covered by policies and procedures.

Board or Finance Committee:

2(A)(i) Of the three Academies tested, none of the Boards met with a quorum at least ten times during the fiscal year as established by the Bylaws of the institutions.

2(A)(iv) The minutes of the Academies' included that the results of the audit were reviewed, but there was no documentation of updates on the progress of resolving audit findings according to management's corrective action plan, or whether the findings were considered resolved.

Bank Reconciliations:

3(A)(i) Of the three accounts observed, there was not documentation to demonstrate that the bank reconciliations for the month observed were prepared within 2 months of the related statement close date.

3(A)(ii) Of the three accounts observed, no bank reconciliations contained evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks have reviewed the bank reconciliation within 1 month of the date the reconciliation was prepared.

Collections (excluding electronic funds transfers):

4(D)(i; ii; iv) Of the 6 deposits totaling \$426,898, we could not determine if 2 deposits totaling \$24,608 were made within one business day of receipt.

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

5(C)(ii) For 15 disbursements totaling \$28,609, we were unable to observe: (1) adequate segregation of duties under procedure 5(B) and (2) payment was approved by an authorized check signer. For 1 disbursement in the amount of \$46, there was no observable supporting invoice.

5(D) For all 5 electronic disbursements observed totaling \$26,019, we were unable to observe that payment was approved by an authorized check signer. One electronic disbursement for \$15,913 was not supported by an original itemized invoice.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards):

6(B)(i) Of the statements observed, we were unable to observe review and approval by someone other than the authorized card holder for any of the 5 statements. Additionally, we were not provided with all the receipts for the transactions selected in 6(C) and as a result we were unable to observe evidence of review and the approval of the supporting documentation.

6(C) Of the 48 transactions observed, for 14 transactions totaling \$2,319 we were not provided with the original itemized receipts that identifies precisely what was purchased. For 29 transactions observed, totaling \$9,597, we were not provided with written documentation of the business purpose.

Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):

7(A)(i through iv) We were not provided with a listing of all travel and travel-related expense reimbursements during the fiscal period. Management represented all travel was incurred through credit cards.

Contracts:

8(A)(ii) Of the five contracts observed, one contract was required to be approved by the Board and was not.

Payroll and Personnel:

9(A) Of the 5 employees selected, authorized salary/pay rates were not available for 3 employees. For 2 employees, authorized salary/pay rates in effect during the current fiscal year were not available.

9(B)(i) Of the 5 employees selected, we were not provided with the documentation for 3 employees to demonstrate that the employee documented their daily attendance and leave.

9(B)(ii) See exception at 9(B)(i) above.

9(B)(iii) Of the 5 employees selected, we were not provided with documentation for any of the 5 employees to demonstrate that any leave accrued or taken during the pay period was reflected in the entity's cumulative leave records.

9(B)(iv) Of the 5 employees selected, we were not provided with documentation for any of the 5 employees to demonstrate that the rate paid to the employee for the pay period agreed to the authorized salary/pay rate per the personnel file.

Information Technology Disaster Recovery/Business Continuity:

13(A)(B) We performed the related procedures and discussed the results with management.

The following procedures were deemed not applicable to the Academies due to them being a non-profit entity:

10 Ethics

11 Debt Service

12 Prevention of Sexual Harassment

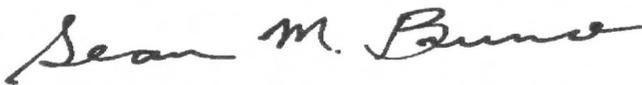
Management's Response:

Management of the Academies concurs with the exceptions identified and are in the process of addressing these matters.

We were engaged by the **HELIX NETWORK OF EDUCATIONAL CHOICES** 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 the **HELIX NETWORK OF EDUCATIONAL CHOICES** 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.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

August 1, 2025

Sean M. Bruno
Certified Public Accountants, LLC
