

IDEA PUBLIC SCHOOLS LOUISIANA, INC.

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of IDEA Public Schools Louisiana, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDEA Public Schools Louisiana, Inc. as of June 30, 2024, and the changes in its net assets and 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 audits 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IDEA Public Schools Louisiana, Inc. 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 opinions.

Prior Period Financial Statements

The financial statements of IDEA Public Schools Louisiana, Inc. as of June 30, 2023 were audited by other auditors whose report dated January 17, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IDEA Public Schools Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IDEA Public Schools Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.



To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule “1”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration IDEA Public Schools Louisiana, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of IDEA Public Schools Louisiana, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IDEA Public Schools Louisiana, Inc.’s internal control over financial reporting and compliance.

October 30, 2024
Baton Rouge Louisiana

Erickson Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|
| <u>CURRENT ASSETS:</u> | | |
| Cash and cash equivalents | \$ 8,201,095 | \$ 2,643,599 |
| Restricted cash | 52,902 | 44,222 |
| Grants receivable - federal and state | 3,496,549 | 3,790,634 |
| Grants receivable - other | - | 25,000 |
| Due from management company | 1,254,418 | 5,985,487 |
| Other assets | <u>7,508</u> | <u>21,207</u> |
| Total current assets | <u>13,012,472</u> | <u>12,510,149</u> |
| <u>PROPERTY AND EQUIPMENT, NET</u> | 145,512 | 221,192 |
| <u>RIGHT OF USE ASSETS - OPERATING LEASES, NET</u> | <u>25,473,911</u> | <u>28,975,505</u> |
| Total assets | <u>\$ 38,631,895</u> | <u>\$ 41,706,846</u> |
| <u>CURRENT LIABILITIES:</u> | | |
| Accounts payable | \$ 228,513 | \$ 2,877,272 |
| Accrued expenses | 945,590 | 1,554,943 |
| Due to management company | 2,200,767 | 4,719,873 |
| Current portion of operating leases | 4,159,403 | 4,049,002 |
| Other liabilities | <u>58,506</u> | <u>22,473</u> |
| Total current liabilities | <u>7,592,779</u> | <u>13,223,563</u> |
| <u>NON-CURRENT LIABILITIES:</u> | | |
| Operating leases, net of current portion | <u>20,733,031</u> | <u>24,453,762</u> |
| Total non-current liabilities | <u>20,733,031</u> | <u>24,453,762</u> |
| Total liabilities | <u>28,325,810</u> | <u>37,677,325</u> |
| <u>NET ASSETS:</u> | | |
| Without donor restrictions | (2,168,456) | (2,157,716) |
| With donor restrictions | <u>12,474,541</u> | <u>6,187,237</u> |
| Total net assets | <u>10,306,085</u> | <u>4,029,521</u> |
| Total liabilities and net assets | <u>\$ 38,631,895</u> | <u>\$ 41,706,846</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|---------------------------------|---------------------------------|
| <u>REVENUE:</u> | | | |
| State/Local per pupil aid | \$ - | \$ 36,110,070 | \$ 36,110,070 |
| Federal grants | - | 5,350,694 | 5,350,694 |
| Private contributions and grants of financial assets | - | 305,646 | 305,646 |
| Contributions of nonfinancial assets | - | 1,132,231 | 1,132,231 |
| Other state funds | - | 632,476 | 632,476 |
| Other income | - | 168,428 | 168,428 |
| Net assets released from restrictions | <u>37,412,241</u> | <u>(37,412,241)</u> | <u>-</u> |
| Total revenue | <u>37,412,241</u> | <u>6,287,304</u> | <u>43,699,545</u> |
| <u>EXPENSES:</u> | | | |
| Program services: | | | |
| General instructional | 10,658,806 | - | 10,658,806 |
| General non-instructional | 6,864,894 | - | 6,864,894 |
| Special education | 2,436,700 | - | 2,436,700 |
| Special programs | - | - | - |
| Administration | <u>17,462,581</u> | <u>-</u> | <u>17,462,581</u> |
| Total expenses | <u>37,422,981</u> | <u>-</u> | <u>37,422,981</u> |
| Change in net assets | (10,740) | 6,287,304 | 6,276,564 |
| Net assets, beginning of year | <u>(2,157,716)</u> | <u>6,187,237</u> | <u>4,029,521</u> |
| Net assets, end of year | <u><u>\$ (2,168,456)</u></u> | <u><u>\$ 12,474,541</u></u> | <u><u>\$ 10,306,085</u></u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------|
| <u>REVENUE:</u> | | | |
| State/Local per pupil aid | \$ - | \$ 38,019,386 | 38,019,386 |
| Federal grants | - | 4,158,229 | 4,158,229 |
| Private contributions and grants of financial assets | - | 71,206 | 71,206 |
| Contributions of nonfinancial assets | | 1,232,714 | 1,232,714 |
| Other state funds | | 25,733 | 25,733 |
| Other income | - | 22,125 | 22,125 |
| Net assets released from restrictions | 40,314,348 | (40,314,348) | - |
| Total revenue | 40,314,348 | 3,215,045 | 43,529,393 |
| <u>EXPENSES:</u> | | | |
| Program services: | | | |
| General instructional | 12,341,049 | - | 12,341,049 |
| General non-instructional | 7,040,093 | - | 7,040,093 |
| Special education | 2,906,074 | - | 2,906,074 |
| Special programs | - | - | - |
| Administration | 18,036,135 | - | 18,036,135 |
| Total expenses | 40,323,351 | - | 40,323,351 |
| Change in net assets | (9,003) | 3,215,045 | 3,206,042 |
| Net assets, beginning of year | (2,148,713) | 2,972,192 | 823,479 |
| Net assets, end of year | (2,157,716) | 6,187,237 | 4,029,521 |

See accompanying NOTES TO FINANCIAL STATEMENTS

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

| | Program Services | | | | | Total |
|---------------------------------------|----------------------|---------------------|---------------------|-------------|----------------------|----------------------|
| | General | General | Special | Special | Administration | |
| | Instructional | Non-Instructional | Education | Programs | Administration | |
| Salaries | \$ 6,113,285 | \$ 3,033,083 | \$ 1,778,446 | \$ - | \$ 4,765,390 | \$ 15,690,204 |
| Employee benefits | 478,495 | 299,332 | 157,544 | - | 319,301 | 1,254,672 |
| Retirement | 232,737 | 114,764 | 70,671 | - | 143,727 | 561,899 |
| Payroll taxes | 485,813 | 230,302 | 142,847 | - | 368,692 | 1,227,654 |
| Purchased educational services | 1,284,168 | 2,400 | 184,578 | - | 216,336 | 1,687,482 |
| Other purchased professional services | 226,714 | 302,357 | - | - | 577,233 | 1,106,304 |
| Utilities | - | 38,933 | - | - | 527,462 | 566,395 |
| Repairs and maintenance | 35,457 | 239,145 | 8,035 | - | 480,569 | 763,206 |
| Rentals | 425,199 | 761,634 | - | - | 4,140,561 | 5,327,394 |
| Student transportation | - | 190,527 | 19,102 | - | - | 209,629 |
| Insurance | - | 239,100 | - | - | 860,013 | 1,099,113 |
| Communications | (8,405) | 14,148 | - | - | 12,937 | 18,680 |
| Advertising | - | - | - | - | 12,448 | 12,448 |
| Food service | - | 1,122,282 | - | - | - | 1,122,282 |
| Travel | 27,956 | 65,745 | 2,324 | - | 99,475 | 195,500 |
| Miscellaneous | 21,296 | (79,321) | 1,880 | - | (31,507) | (87,652) |
| Materials and supplies | 1,154,906 | 284,399 | 68,955 | - | 1,205,793 | 2,714,053 |
| Dues and fees | 11,735 | - | - | - | 3,513,923 | 3,525,658 |
| Security | - | - | - | - | 170,799 | 170,799 |
| Textbooks | 169,450 | - | 2,318 | - | 263 | 172,031 |
| Depreciation | - | 6,064 | - | - | 79,166 | 85,230 |
| Total expenses | <u>\$ 10,658,806</u> | <u>\$ 6,864,894</u> | <u>\$ 2,436,700</u> | <u>\$ -</u> | <u>\$ 17,462,581</u> | <u>\$ 37,422,981</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| | Program Services | | | | | Administration | Total |
|---------------------------------------|----------------------|---------------------|---------------------|-------------|----------------------|----------------------|-------|
| | General | General | Special | Special | | | |
| | Instructional | Non-Instructional | Education | Programs | | | |
| Salaries | \$ 7,244,915 | \$ 3,039,449 | \$ 2,242,295 | \$ - | \$ 4,481,454 | \$ 17,008,113 | |
| Employee benefits | 713,290 | 351,032 | 242,451 | - | 365,889 | 1,672,662 | |
| Retirement | 295,128 | 120,705 | 93,086 | - | 149,757 | 658,676 | |
| Payroll taxes | 544,211 | 234,171 | 168,845 | - | 350,779 | 1,298,006 | |
| Purchased educational services | 1,868,625 | - | 57,241 | - | 148,058 | 2,073,924 | |
| Other purchased professional services | - | 276,034 | - | - | 727,930 | 1,003,964 | |
| Utilities | - | 35,482 | - | - | 485,125 | 520,607 | |
| Repairs and maintenance | 91,580 | 250,118 | 58 | - | 344,138 | 685,894 | |
| Rentals | 347,395 | 700,354 | - | - | 4,149,152 | 5,196,901 | |
| Student transportation | - | 249,140 | 4,176 | - | - | 253,316 | |
| Insurance | - | 59,661 | - | - | 875,858 | 935,519 | |
| Communications | (5,230) | 26,542 | - | - | 27,994 | 49,306 | |
| Advertising | - | - | - | - | 17,341 | 17,341 | |
| Food service | - | 1,349,379 | - | - | - | 1,349,379 | |
| Travel | 15,475 | 15,634 | 2,527 | - | 62,573 | 96,209 | |
| Miscellaneous | 3,850 | 18,087 | - | - | 811,613 | 833,550 | |
| Materials and supplies | 943,509 | 309,626 | 87,044 | - | 1,320,094 | 2,660,273 | |
| Dues and fees | 600 | - | - | - | 3,609,436 | 3,610,036 | |
| Security | - | - | - | - | 90,602 | 90,602 | |
| Textbooks | 277,701 | - | 8,351 | - | - | 286,052 | |
| Depreciation | - | 4,679 | - | - | 18,342 | 23,021 | |
| Total expenses | \$ 12,341,049 | \$ 7,040,093 | \$ 2,906,074 | \$ - | \$ 18,036,135 | \$ 40,323,351 | |

See accompanying NOTES TO FINANCIAL STATEMENTS

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| <u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u> | | |
| Change in net assets | \$ 6,276,564 | \$ 3,206,042 |
| Adjustments to reconcile change in net assets to cash and cash equivalents from operating activities: | | |
| Depreciation expense | 85,230 | 23,022 |
| Amortization expense | 4,331,070 | 3,733,778 |
| Bad debt expenses/(recovery) | (36,568) | 881,763 |
| (Increase) decrease in: | | |
| Grant receivables | 355,653 | (1,876,384) |
| Due from management company | 4,731,069 | (1,523,216) |
| Other receivables | 13,699 | 4,878 |
| Increase (decrease) in: | | |
| Accounts payable | (2,648,759) | 2,391,660 |
| Accrued expenses | (609,353) | 1,037,892 |
| Operating lease liability | (4,439,806) | (4,881,977) |
| Due to management company | (2,519,106) | (583,740) |
| Other liabilities | <u>36,033</u> | <u>(310,474)</u> |
| Net cash from operating activities | <u>5,575,726</u> | <u>2,103,244</u> |
| <u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u> | | |
| Purchases of property and equipment | <u>(9,550)</u> | <u>(25,358)</u> |
| Net cash used for investing activities | <u>(9,550)</u> | <u>(25,358)</u> |
| Net increase in cash, cash equivalents, and restricted cash | 5,566,176 | 2,077,886 |
| Cash, cash equivalents, and restricted cash, beginning of year | <u>2,687,821</u> | <u>609,935</u> |
| Cash, cash equivalents, and restricted cash, end of year | <u>\$ 8,253,997</u> | <u>\$ 2,687,821</u> |
| Cash and cash equivalents | 8,201,095 | 2,643,599 |
| Restricted cash | <u>52,902</u> | <u>44,222</u> |
| Total cash, cash equivalents, and restricted cash at end of year | <u>\$ 8,253,997</u> | <u>\$ 2,687,821</u> |
| <u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</u> | | |
| Non-cash investing activities: | | |
| Acquisitions obtained through operating leases | <u>\$ 829,476</u> | <u>\$ 211,291</u> |

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

IDEA Public Schools Louisiana, Inc. (IDEA LA) is a Louisiana nonprofit corporation formed in February 2016. The School operates and does business as Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools Louisiana. The School is an East Baton Rouge Parish School Board authorized, open enrollment Type 1 charter school. The East Baton Rouge Parish School Board pursuant to Chapter 2, Title 12 of the Louisiana Revised Statutes grants the Contract for Charter. The School provides educational services to students in grades Kindergarten (K) through 12. The School commenced operations during the 2018-2019 school year.

Basis of Accounting and Financial Reporting Framework

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Financial Accounting Standard Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, IDEA LA is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of IDEA LA. IDEA LA's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of IDEA LA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, IDEA LA considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Restricted Cash

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

Receivables

Grants, notes, and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2024 and 2023, no allowance has been recorded as management considers all receivables to be fully collectible.

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. The School maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

| | |
|-----------------------|-------------|
| Computer software | 3 years |
| IT hardware | 5 years |
| Equipment | 7 years |
| Building improvements | 10-15 years |

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. IDEA LA reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when IDEA LA has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by IDEA LA, or when otherwise earned under the terms of the grants.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

IDEA LA's policy is to report restricted support as with donor restrictions regardless of whether or not the restrictions are satisfied within the same fiscal year. Donations are reported as released from restrictions in the statement of changes in net assets in liquidation when the restriction expired (that is, a stipulated time restriction ends or purpose restriction is accomplished).

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

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

IDEA LA applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. IDEA LA defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that IDEA LA will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

IDEA LA also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether IDEA LA can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

IDEA LA is required to discount lease payments using the rate implicit in the lease if that rate is readily available. As most of the leases do not provide an implicit rate, IDEA LA uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

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 statements of activities and in the statements of functional expenses. The financial statements of IDEA LA report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, several expenses (e.g., utilities, supplies, repairs and maintenance, etc.) require allocation based on usage (e.g., building square footage, estimated consumption, etc.) by each function.

Income Tax Status

IDEA LA has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2024 and 2023, IDEA LA believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2021 and later remain subject to examination by the taxing authorities.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Adopted

IDEA LA has adopted the Current Expected Credit Losses (CECL) accounting standard, as per Accounting Standards Update (ASU) No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326)*." The standard introduces a new model for estimating credit losses on financial instruments. After a thorough evaluation, management has determined that the impact of adopting the CECL standard on the financial statements is immaterial. IDEA LA has considered factors such as historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process. As a result, the adoption of the CECL standard has not had a material impact on IDEA LA's financial position, results of operations, or cash flows.

Date of Management Review

Subsequent events have been evaluated through October 30, 2024, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The School maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the School's expenditures come due. The following reflects the school's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position dates because of contractual or donor-imposed restrictions.

| | 2024 | 2023 |
|---|---------------|---------------|
| Financial assets at year-end | \$ 13,004,964 | \$ 12,488,942 |
| Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions | | |
| Restricted by donor with time or purpose restrictions | (52,902) | (44,222) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 12,952,062 | \$ 12,444,720 |

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(3) GRANTS RECEIVABLES

Grants receivable at June 30, 2024 and 2023 consist of the following:

| | 2024 | 2023 |
|-----------------------------|--------------|--------------|
| Due from State of Louisiana | \$ 3,496,549 | \$ 3,790,634 |
| Other | - | 25,000 |
| | \$ 3,496,549 | \$ 3,815,634 |

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30th:

| | 2024 | 2023 |
|-----------------------------------|------------|------------|
| Computer software | \$ 164,011 | \$ 164,011 |
| IT hardware | 186,948 | 59,439 |
| Equipment | 71,884 | 71,884 |
| Building improvements | 26,827 | 26,827 |
| Construction in progress | 9,549 | 127,509 |
| | 459,219 | 449,670 |
| Less: accumulated depreciation | (313,707) | (228,478) |
| Total property and equipment, net | \$ 145,512 | \$ 221,192 |

Depreciation expense for the years ended June 30, 2024 and 2023 was \$85,230 and \$23,022, respectively.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(5) NET ASSETS

Net assets with donor restrictions at consisted of the following at June 30th:

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|----------------------|---------------------|
| Campus activities | \$ 52,902 | \$ 44,222 |
| Child nutrition program | 1,267,289 | 877,305 |
| Minimum Foundation Program | 11,154,298 | 5,130,826 |
| Farm to School | - | 25,962 |
| No Kid Hungry | - | 57,965 |
| Other | <u>52</u> | <u>50,957</u> |
| Net assets with donor restrictions | <u>\$ 12,474,541</u> | <u>\$ 6,187,237</u> |

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30th:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Campus activities | \$ 9,223 | \$ - |
| Child nutrition program | 2,384,828 | 2,614,371 |
| COVID funding | - | 25,733 |
| Minimum Foundation Program | 30,864,011 | 35,556,205 |
| Title I Part A | 948,689 | 925,889 |
| Title II Part A- Teacher Prin | 33,809 | 53,929 |
| Title IV, Part A | 62,108 | 105,742 |
| ESSER II Grant | 89,727 | 905,731 |
| ESSER III Grant | 2,605,532 | 101,782 |
| New Schools Baton Rouge | 288,500 | - |
| No Kid Hungry | 52,078 | - |
| Other | <u>73,736</u> | <u>24,966</u> |
| Net assets released with donor restrictions | <u>\$ 37,412,241</u> | <u>\$ 40,314,348</u> |

(6) CONCENTRATION OF CREDIT RISK

IDEA LA maintains cash in bank accounts in excess of insured limits periodically. IDEA LA has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of IDEA LA's cash is maintained in collateralized bank accounts.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(7) CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets for the years ended June 30, 2024 and 2023, included in the financial statements, were as follows:

| | 2024 | 2023 |
|---------------------------------------|--------------|--------------|
| Food | \$ 86,246 | \$ 48,316 |
| Supplies | 230,133 | 351,973 |
| Furniture, equipment, and technology | 815,852 | 832,427 |
| Total contributed nonfinancial assets | \$ 1,132,231 | \$ 1,232,716 |

Contributed food was utilized in the child nutrition program. In valuing food, IDEA LA estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed supplies was utilized for various educational and general administrative purposes. In valuing supplies, IDEA LA estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed furniture, equipment and technology was utilized for various educational and general administrative purposes. In valuing the furniture, equipment and technology, IDEA LA estimated the fair value on the basis of the net book value of the donor.

All contributed nonfinancial assets received by IDEA LA for the years ended June 30, 2024 and 2023 were considered with donor restrictions.

(8) OPERATING LEASE COMMITMENTS

Administrative Office Space

IDEA LA leased office space for administrative purposes under a twelve-month lease agreement commencing October 1, 2016. The base lease payment was \$850 per month with a clause that allowed IDEA LA to request additional services (i.e., parking, data services, etc.) for an additional fee. The lease was originally scheduled to terminate on October 31, 2017; however, the original lease was renewed for an additional term (one year). At the maturity of this extension, IDEA LA entered into an additional agreement to lease the property for an additional two years with an option to renew for an additional year.

The base lease payments under this agreement were \$6,750 per month through August 31, 2020. The lease was renewed for the additional year at \$6,885 per month and terminated on August 31, 2022.

IDEA LA lease office space for administrative purposes under a twelve-month lease agreement commencing September 1, 2021. The base lease payment under this agreement is \$988 per month. The lease is terminated on August 30, 2022.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(8) OPERATING LEASE COMMITMENTS (CONTINUED)

Innovation Campus Property

IDEA LA sub-leased one of its educational premises under a seven-year lease agreement with the School's management company commencing on July 1, 2018. The lease included an escalation clause for rental increases every twelve months. The lease payments were recognized on a straight-line basis at \$153,564 per month. The lease was scheduled to terminate on June 30, 2025. This original lease was terminated effective September 30, 2020. The deferred lease liability accumulated as of the termination date was \$1,117,037, which was written off and recognized as non-operating income for the year ended June 30, 2021.

Effective October 15, 2020, IDEA LA entered into a lease agreement with Innovation under a thirty-year lease agreement. Effective June 2021, an amendment to the lease was agreed to increase the base rent for the 2022-2023 fiscal year. Effective September 2022, an additional amendment to the lease was agreed to increase rent payments for the addition of portable buildings which increased base rent from October 2022 through September 2027. The lease also includes a clause for rent reduction changes at a point in the lease. The lease payments are recognized on a straight-line basis at \$90,508 per month. The lease is scheduled to terminate on November 30, 2050.

Bridge Campus Property

IDEA LA leased one of its educational premises under a twenty-five (25) year lease agreement with the School's management company commencing on October 1, 2020. Lease payments are paid monthly in amounts designated in Schedule I of the lease agreement dated December 10, 2020, which are based on related mortgage note payments of the landlord. Effective June 2021, an amendment to the lease was agreed to increase the base rent for the 2022-2023 fiscal year. The lease is scheduled to terminate on September 30, 2045. The Schedule I payment schedule is only for the first five (5) years of the lease as the related note payable is expected to be refinanced at that time and future lease payments are currently undeterminable.

University Prep Campus Property

IDEA LA leased one of its educational premises under a twenty-five (25) year lease agreement with the School's management company commencing on December 15, 2021. Lease payments are paid monthly in amounts designated in Schedule I of the lease agreement dated December 10, 2020, which are based on related mortgage note payments of the landlord. Effective June 2021, an amendment to the lease was agreed to increase the base rent for the 2022-2023 fiscal year. The Schedule I payment schedule is only for the first five (5) years of the lease as the related note payable was expected to be refinanced at that time and future lease payments were undeterminable. Subsequent to the year end, the lease has since been terminated.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(8) OPERATING LEASE COMMITMENTS (CONTINUED)

Student Transportation (Bus)

IDEA LA leased several school buses for student transportation purposes under lease agreements commencing from August 2018 through August 2022. Payment terms under these leases vary from monthly to semi-annual lease payments. The lease payments are recognized on a straight-line basis at \$46,605 per month. The leases are scheduled to terminate from September 2026 to August 2029.

Administrative Transportation (Van)

IDEA LA leased several vans for administrative transport purposes under a lease agreement commencing August 2018. Lease agreement ended July 2021, which was then converted to a month-to-month rental agreement that is evaluated on an annual basis by the School. Lease payments under the lease are \$930 per month. The School evaluates the lease agreement will terminate July 2025 for purposes of measuring the lease liability and right-of-use asset.

Office Equipment

IDEA LA leased several pieces of office equipment for administrative purposes under various lease agreements commencing May 8, 2021. Lease payments under the lease are \$6,820 per month. The leases are scheduled to terminate from March 2025 through April 2025.

IT Equipment

IDEA LA leases computers for administrative purposes under various lease agreements commencing September 1, 2019. Lease payments under these leases are \$35,130 per month. The leases are scheduled to terminate from July 2024 through July 2027.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(8) OPERATING LEASE COMMITMENTS (CONTINUED)

Additional information about IDEA's leases is as follows for the year ended June 30, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Operating lease cost | \$ <u>5,134,445</u> | \$ <u>4,881,234</u> |
| Cash paid for amounts in lease liabilities | \$ 4,439,806 | \$ 4,881,977 |
| Operating cash flows from operating leases | 4,439,806 | 4,881,977 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | 829,476 | 211,291 |
| Weighted-average remaining lease term-operating leases | 20.91 years | 19.95 years |
| Weighted-average discount rate-operating leases | 3.16% | 3.04% |

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

| | |
|------------|----------------------|
| 2025 | \$ 4,155,198 |
| 2026 | 1,733,698 |
| 2027 | 898,386 |
| 2028 | 786,320 |
| 2029 | 678,973 |
| Thereafter | <u>16,639,859</u> |
| | <u>\$ 24,892,434</u> |

(9) MANAGEMENT COMPANY

IDEA LA has a contract for certain management and administrative services which is based on 10 percent of revenues. Also, the management company will pay for certain direct expenses for which IDEA LA will reimburse the management company. For the years ended June 30, 2024 and 2023, \$3,513,923 and \$3,608,706, respectively, was incurred for management and administrative services. For the years ended June 30, 2024 and 2023, \$29,573,037 and \$23,059,923 was incurred for reimbursable direct expenses consisting of contracted employees, occupancy/rent, insurance, supplies, travel, and other costs for the direct benefit of IDEA LA, respectively. As of June 30, 2024 and 2023, IDEA LA had \$2,200,767 and \$4,719,874 payable to the management company for direct expenses, respectively. Management company also receives certain grants for IDEA LA. At June 30, 2024 and 2023, IDEA LA had \$1,254,418 and \$5,985,487 due from management company.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024 AND 2023

(10) ECONOMIC DEPENDENCY

IDEA LA receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2024 and 2023 totaled \$36,110,070 and \$38,019,386, respectively. Funding was received from various federal grants passed through the State of Louisiana totaled \$6,482,925 and \$5,390,943 for the years ended June 30, 2024 and 2023, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds IDEA LA receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds IDEA LA will receive in fiscal year 2025 relating to its grant awards.

(11) GRANT PROGRAM CONTINGENCIES

IDEA LA participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that IDEA LA has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2024 and 2023 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and IDEA LA.

(12) CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2024, IDEA LA updated its functional expense methodology to reflect changes in its account and reporting structure. The effect of the change was to increase administration functional expenses by \$268,314 and decrease program expenses by \$268,314 for the year ended June 30, 2023.

(13) RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on net assets.

SUPPLEMENTARY INFORMATION

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2024

| | |
|--|-------------------------|
| | <u>Jeffrey Cottrill</u> |
| | 07/01/23 |
| | through |
| | <u>06/30/24</u> |
| Time served | |
| Salary | \$ - |
| Benefits - insurance | - |
| Benefits - retirement | <u>-</u> |
| Total compensation, benefits, and other payments | <u>\$ -</u> |

Note: Jeffrey Contrill was not paid using public funds.

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

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

To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of IDEA Public Schools Louisiana, Inc. (a non-profit corporation), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered IDEA Public Schools Louisiana, Inc. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IDEA Public Schools Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the IDEA Public Schools Louisiana, Inc.'s internal control.

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

Our consideration of 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.



To the Board of Directors and Management
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether IDEA Public Schools Louisiana, Inc. financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

IDEA Public Schools Louisiana, Inc.’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on IDEA Public Schools Louisiana, Inc.’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. IDEA Public Schools Louisiana, Inc.’s 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 IDEA Public Schools Louisiana, Inc. internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IDEA Public Schools Louisiana, Inc. internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

October 30, 2024
Baton Rouge, Louisiana

Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited IDEA Public Schools Louisiana, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of IDEA Public Schools Louisiana, Inc.'s major federal programs for the year ended June 30, 2024. IDEA Public Schools Louisiana, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, IDEA Public Schools Louisiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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



To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

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 IDEA Public Schools Louisiana, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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



To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

October 30, 2024
Baton Rouge, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-through Grantor/ Program Title | Federal AL Number | Federal Disbursements/ Expenditures |
|--|----------------------|---|
| <u>U.S. Department of Education</u> | | |
| <i>Pass-through program from East Baton Rouge Parish School System</i> | | |
| Title I Grants to Local Educational Agencies | 84.010 | \$ 948,688 |
| Supporting Effective Instruction State Grants | 84.367 | 33,809 |
| Student Support and Academic Enrichment Program | 84.424 | 36,270 |
| Education Stabilization Fund | | |
| COVID-19 Elementary and Secondary School Emergency Relief Fund | 84.425D | \$ 89,727 |
| COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief | 84.425U | <u>2,605,532</u> |
| Total Education Stabilization Fund | | <u>2,695,259</u> |
| | | |
| Total U.S. Department of Education | | <u>3,714,026</u> |
| <u>U.S. Department of Agriculture</u> | | |
| <i>Pass-through program from Louisiana Department of Education</i> | | |
| Child Nutrition Cluster | | |
| School Breakfast Program | 10.553 | 780,514 |
| National School Lunch Program | 10.555 | <u>1,432,137</u> |
| Total Child Nutrition Cluster | | 2,212,651 |
| Child and Adult Care Food Program | 10.558 | 299,685 |
| Farm to School Grant Program | 10.575 | <u>25,838</u> |
| | | |
| Total U.S. Department of Agriculture | | <u>2,538,174</u> |
| | | |
| Total expenditures of federal awards | | <u>\$ 6,252,200</u> |

(See Independent Auditors' Report)

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of IDEA Public Schools Louisiana, Inc. under programs of the federal government for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of IDEA Public Schools Louisiana, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of IDEA Public Schools Louisiana, Inc.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

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

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2024.

Non-Cash Assistance

Nonmonetary assistance in the amount of \$86,246, \$884,985, \$33,809, \$36,269, and \$90,628 is reported in the schedule as AL No. 10.555, 84.010, 84.367A, 84.424A, and 84.425U, respectively, at the fair market value of the commodities received and disbursed.

(3) INDIRECT COST RATE

IDEA Public Schools Louisiana, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of IDEA Public Schools Louisiana, Inc.
2. One material weakness in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for IDEA Public Schools Louisiana, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as major program was the Education Stabilization Fund (AL Nos. 84.425D and 84.425U).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. IDEA Public Schools Louisiana, Inc. was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2024.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

Finding 2024-001 Internal Controls over Financial Reporting – In-Kind Donations

Criteria: Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-25-20 states ‘...gifts in kind shall be reported as contributions and measured at fair value when originally received by (a not-for-profit entity).’

Condition: IDEA LA did not identify and record all in-kind transactions that occurred throughout the year, which caused both revenues and expenses to be understated by \$370,814.

Effect: Unidentified and unrecorded in-kind transactions could cause significant understatement of revenues and expenses and changes in federal expenditures for purposes of the single audit.

Cause: IDEA LA has not implemented consistent policies, procedures, and controls to ensure all in-kind transactions are identified and recorded throughout the year.

Recommendation: We recommend that IDEA LA review and adjust existing policies, procedures, and controls related to identification and recording of in-kind transactions in order to ensure that all amounts are appropriately recorded throughout the year.

View of Responsible Officials: Management agrees with the findings. See Managements’ Corrective Action plan for further information.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings related to major federal awards programs for the year ended June 30, 2024.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Finding 2023-001 In-Kind Donations

Condition: IDEA LA did not identify and record all in-kind transactions that occurred throughout the year, which caused both revenues and expenses to be understated by \$53,526 as well as significant delays in the financial close process.

This finding has not been resolved and is repeated as finding number 2024-001.

Finding 2023-002 Noncompliance with Reporting Requirements

Condition: IDEA LA did not complete and submit the audit to the Louisiana Legislative Auditor or the Federal Audit Clearinghouse within the required time periods.

This finding has been resolved as of June 30, 2024.

II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

Not applicable

III. MANAGEMENT LETTER

Not applicable

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
CORRECTIVE ACTION PLAN – FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

October 30, 2024

Louisiana Legislative Auditor

IDEA Public Schools Louisiana, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
8550 United Plaza Boulevard, Suite 600
Baton Rouge, Louisiana 70809

Engagement Period: July 1, 2023 – June 30, 2024

The findings from the June 30, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

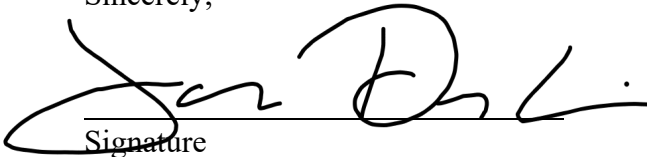
Finding 2024-001 Internal Controls over Financial Reporting – In-kind Donations

Recommendation: We recommend that IDEA LA review and adjust existing policies, procedures, and controls related to identification and recording of in-kind transactions in order to ensure that all amounts are appropriately recorded throughout the year.

Vies of Responsible Officials: Compliance and Grants shall work with other department personnel to ensure periodic alignment with in-kind donors, verifying monthly in-kind donations are appropriately recorded and documented in the accounting system.

If there are any questions regarding this plan, please call Kathleen Zimmermann, Chief Financial Officer, at (956) 377-8000.

Sincerely,



Signature

VP Accounting (Interim)

Title

**SCHEDULES REQUIRED BY STATE LAW
(PERFORMANCE STATISTICAL DATA)**



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of IDEA Public Schools Louisiana, Inc. for the fiscal year ended June 30, 2024; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of IDEA Public Schools Louisiana, Inc. is responsible for its performance and statistical data.

IDEA Public Schools Louisiana, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - a. Total General Fund Instructional Expenditures,
 - b. Total General Fund Equipment Expenditures,
 - c. Total Local Taxation Revenue,
 - d. Total Local Earnings on Investment in Real Property,
 - e. Total State Revenue in Lieu of Taxes,
 - f. Nonpublic Textbook Revenue,
 - g. Nonpublic Transportation Revenue.

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



To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.

Class Size Characteristics (Schedule 2)

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

Results: Nine classes selected did not agree to the roll books.

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

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

Results: Three employees' educational levels did not agree between the PEP report and the personnel file.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of
IDEA Public Schools Louisiana, Inc.

We were engaged by IDEA Public Schools Louisiana, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of IDEA Public Schools Louisiana, Inc. 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 and results of testing performed on the performance and statistical data accompanying the annual financial statements of the IDEA Public Schools Louisiana, Inc., as required by Louisiana Revised Statute 24:514.I, and for the information and use of IDEA Public Schools Louisiana, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

October 30, 2024
Baton Rouge, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel, LLP".

Certified Public Accountants

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2024

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

| | Column A | Column B |
|---|--------------|----------------------|
| General Fund Instructional Expenditures: | | |
| Teacher and Student Interaction Activities: | | |
| Classroom teacher salaries | \$ 6,680,330 | |
| Other instructional staff salaries | 27,718 | |
| Instructional staff employee benefits | 1,365,054 | |
| Purchased professional and technical services | 1,995,185 | |
| Instructional materials and supplies | 1,229,290 | |
| Instructional equipment | - | |
| Total teacher and students interaction activities | - | \$ 11,297,577 |
| Other instructional activities | | 235,381 |
| Pupil support services | 1,127,006 | |
| Less: Equipment for pupil support services | - | |
| Net pupil support services | - | 1,127,006 |
| Instructional staff services | 917,976 | |
| Less: Equipment for instructional staff services | - | |
| Net instructional staff services | - | 917,976 |
| School administration | 23,283,313 | |
| Less: equipment for school administration | - | |
| Net school administration | - | 23,283,313 |
| Total general fund instructional expenditures (total of column B) | | <u>\$ 36,861,253</u> |
| Total General fund equipment expenditures | | <u>\$ -</u> |
| <u>CERTAIN LOCAL REVENUE SOURCES</u> | | |
| Total local taxation revenue | | <u>\$ -</u> |
| Total local earnings on investment in real property | | <u>\$ -</u> |
| Total state revenue in lieu of taxes | | <u>\$ -</u> |
| Nonpublic textbook revenue | | <u>\$ -</u> |
| Nonpublic transportation revenue | | <u>\$ -</u> |

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2024
AS OF OCTOBER 1, 2023

| | CLASS SIZE RANGE | | | | | | | |
|----------------------------------|-------------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1-20 | | 21-26 | | 27-33 | | 34+ | |
| SCHOOL TYPE: | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary | 47% | 289 | 31% | 194 | 17% | 107 | 5% | 28 |
| Elementary/Activity Classes | 44% | 34 | 33% | 26 | 18% | 14 | 5% | 4 |
| Middle/Jr. High | 18% | 40 | 13% | 30 | 51% | 114 | 18% | 40 |
| Middle/Jr. High Activity Classes | 7% | 2 | 11% | 3 | 52% | 14 | 30% | 8 |
| High | 73% | 138 | 15% | 28 | 7% | 13 | 6% | 11 |
| High Activity Classes | 55% | 11 | 20% | 4 | 15% | 3 | 10% | 2 |
| Combination | - | - | - | - | - | - | - | - |
| Combination Activity Classes | - | - | - | - | - | - | - | - |

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

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
CORRECTIVE ACTION PLAN – BESE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2024

October 30, 2024

Louisiana Legislative Auditor

IDEA Public Schools Louisiana, Inc. respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-UpOn Procedures Engagement prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
8550 United Plaza Boulevard, Suite 600
Baton Rouge, Louisiana 70809

Engagement Period: July 1, 2023 – June 30, 2024

The exceptions from the Agreed-UpOn Procedures Report are discussed below:

Class Size Characteristics (Schedule 2)

Exceptions: Nine of ten classes selected did not agree to the roll books.

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

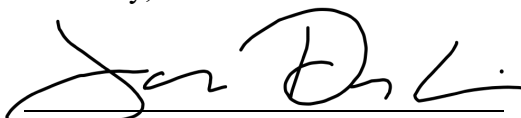
Exceptions: Three employees’ education levels did not agree between the PEP report and the personnel file.

Management’s Response to Exceptions: CFO will work with Information Systems to review classroom rosters and EdLink360. Additionally, CFO shall engage internal audit or other resources to conduct monthly reviews with the intent of identifying a documentation loop that will document submitted changes and reconcile classroom rosters with EdLink360.

Additionally, Human Assets shall work with Auditors and Information Systems to ensure IDEA operating procedures and external audit procedures align with the appropriate requirements. Human Assets shall demonstrate that employees are reported with highest education level for which sufficient evidence has been provided

If there are any questions regarding this plan, please call Kathleen Zimmermann, Chief Financial Officer, at (956) 377-8000.

Sincerely,



Signature

VP Accounting (Interim)

Title

IDEA PUBLIC SCHOOLS LOUISIANA, INC.

BATON ROUGE, LOUISIANA

AGREED-UPON PROCEDURES

FOR THE YEAR END

JUNE 30, 2024



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board and Management of
IDEA Public Schools Louisiana, Inc.
Baton Rouge, Louisiana

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 year ended June 30, 2024. The IDEA Public Schools Louisiana, Inc. management is responsible for those C/C areas identified in the SAUPs.

IDEA Public Schools Louisiana, Inc has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and associated findings are detailed in Schedule "1".

We were engaged by IDEA Public Schools Louisiana, Inc. 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 IDEA Public Schools Louisiana, Inc. 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.

October 30, 2024
Baton Rouge, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel, LLP".

Certified Public Accountants

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2024

WRITTEN POLICIES AND PROCEDURES

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c. ***Disbursements***, including processing, reviewing, and approving.
 - d. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - f. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - h. ***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).
 - i. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
AGREED-UPON PROCEDURES (COUNTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l. **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.

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

BOARD AND FINANCE COMMITTEE

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

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

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
AGREED-UPON PROCEDURES (COUNTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

BANK RECONCILIATIONS

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional 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:
 - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b. Bank reconciliations include 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 or electronically logged); and
 - c. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection 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
 - a. Employees responsible for cash collections do not share cash drawers/registers;
 - b. 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;
 - c. 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

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
AGREED-UPON PROCEDURES (COUNTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

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

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

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

IDEA PUBLIC SCHOOLS LOUISIANA, INC.
AGREED-UPON PROCEDURES (COUNTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

- a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b. At least two employees are involved in processing and approving payments to vendors;
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e. 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.
10. For each location selected under procedure #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- a. Observe whether the disbursement, 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
 - b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, 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.

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

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CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

12. 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.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (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
 - b. Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under procedure #13 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.

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

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

15. 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

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- a. 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);
- b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- c. 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
- d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

CONTRACTS

16. 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
 - a. 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;
 - b. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - c. If the contract was amended (e.g., change order), observe 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
 - d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

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PAYROLL AND PERSONNEL

17. 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.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and
 - a. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory),
 - b. Observe whether supervisors approved the attendance and leave of the selected employees or officials,
 - c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records, and
 - d. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
19. 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.
20. 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.

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

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ETHICS

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 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.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

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

DEBT SERVICE

23. 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.
24. 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).

Results: Not applicable as IDEA Public Schools, Inc. did not issue or have any outstanding debt during the period.

FRAUD NOTICE

25. 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.
26. 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.

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

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.
- b. 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.
- c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.

Results: We performed the procedures and discussed the results with management.

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PREVENTION OF SEXUAL HARASSMENT

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.
31. 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).
32. 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:
 - a. Number and percentage of public servants in the agency who have completed the training requirements,
 - b. Number of sexual harassment complaints received by the agency,
 - c. Number of complaints which resulted in a finding that sexual harassment occurred,
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action, and
 - e. Amount of time it took to resolve each complaint.

Results: Not applicable as IDEA Public Schools, Inc. is not subject to the sexual harassment law or training requirements as a charter school.