

JCFA
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2019

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Independent Auditor's Report

October 9, 2019

The Board of Governance
JCFA

Report on the Financial Statements

We have audited the accompanying combining financial statements of JCFA (a nonprofit organization), which comprise the combining statement of financial position as of June 30, 2019, and the related combining statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combining financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combining financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combining financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combining financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of JCFA as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the combining financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. The compensation schedule is required by LA R.S. 24:513. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 9, 2019, on our consideration of JCFA'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 JCFA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Hienz & Macaluso, LLC
Metairie, LA

JCFA
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	CMO	WEST BANK	EAST BANK	LAFAYETTE	INTERFUND ELIMINATIONS	TOTAL
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 34,054	\$ 273,811	\$ 155,646	\$ 96,956	\$ -	\$ 560,467
Accounts Receivable	1,790	32,944	34,036	2,330	-	71,100
Prepaid Expenses	2,481	42,112	-	15,952	-	60,545
Due From other Funds	1,417,683	1,372,317	1,347,806	-	(4,137,806)	-
Total Current Assets	<u>1,456,008</u>	<u>1,721,184</u>	<u>1,537,488</u>	<u>115,238</u>	<u>(4,137,806)</u>	<u>692,112</u>
Fixed Assets:						
Computers	3,642	120,227	73,194	15,370	-	212,433
Software	-	19,101	-	-	-	19,101
Furniture and Fixtures	-	-	5,537	10,647	-	16,184
Leasehold Improvements	-	15,650	80,956	-	-	96,606
Accumulated Depreciation	(2,166)	(150,359)	(122,573)	(9,299)	-	(284,397)
Total Fixed Assets, Net	<u>1,476</u>	<u>4,619</u>	<u>37,114</u>	<u>16,718</u>	<u>-</u>	<u>59,927</u>
Total Assets	<u>\$ 1,457,484</u>	<u>\$ 1,725,803</u>	<u>\$ 1,574,602</u>	<u>\$ 131,956</u>	<u>\$ (4,137,806)</u>	<u>\$ 752,039</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ 33,317	\$ -	\$ -	\$ -	\$ 33,317
Due to Other Funds	1,367,308	1,356,593	1,312,066	101,839	(4,137,806)	-
Total Current Liabilities	<u>1,367,308</u>	<u>1,389,910</u>	<u>1,312,066</u>	<u>101,839</u>	<u>(4,137,806)</u>	<u>33,317</u>
Total Liabilities	<u>1,367,308</u>	<u>1,389,910</u>	<u>1,312,066</u>	<u>101,839</u>	<u>(4,137,806)</u>	<u>33,317</u>
Net Assets:						
Without Donor Restrictions	90,176	\$ 335,893	262,536	30,117	-	718,722
With Donor Restrictions	-	-	-	-	-	-
Total Net Assets	<u>90,176</u>	<u>335,893</u>	<u>262,536</u>	<u>30,117</u>	<u>-</u>	<u>718,722</u>
Total Liabilities and Net Assets	<u>\$ 1,457,484</u>	<u>\$ 1,725,803</u>	<u>\$ 1,574,602</u>	<u>\$ 131,956</u>	<u>\$ (4,137,806)</u>	<u>\$ 752,039</u>

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

JCFA
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	CMO			WEST BANK CAMPUS		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Grants and Other Support						
State and Local Public School Funding	\$ -	\$ -	\$ -	\$ 1,438,873	\$ -	\$ 1,438,873
Federal Grants	-	-	-	72,882	-	72,882
Donations	-	-	-	-	-	-
Other Income	723,554	-	723,554	6,293	-	6,293
Net Assets Released from Restrictions	-	-	-	-	-	-
Total Revenue, Grants and Other Support	723,554	-	723,554	1,518,048	-	1,518,048
Expenses						
Program Services:						
Special Education Programs	1	-	1	88,799	-	88,799
Career and Technical Education	-	-	-	85,785	-	85,785
Other Instructional Programs	-	-	-	442,287	-	442,287
Pupil Support Services	2,360	-	2,360	215,335	-	215,335
Instructional Staff Services	244,993	-	244,993	6,028	-	6,028
School Administration	137,342	-	137,342	218,374	-	218,374
Operation and Maintenance of Plant	11,315	-	11,315	207,567	-	207,567
Student Transportation Services	-	-	-	8,530	-	8,530
Food Service	-	-	-	2,766	-	2,766
Depreciation	729	-	729	1,814	-	1,814
Management and General:						
General Administration	66,061	-	66,061	973	-	973
Business Services	136,961	-	136,961	207,516	-	207,516
Central Services	121,159	-	121,159	2,448	-	2,448
Total Expenses	720,921	-	720,921	1,488,222	-	1,488,222
Change in Net Assets	2,633	-	2,633	29,826	-	29,826
Net Assets, Beginning of Period	(87,068)	-	(87,068)	374,107	-	374,107
Prior Period Adjustment	174,611	-	174,611	(68,040)	-	(68,040)
Net Assets, End of Period	\$ 90,176	\$ -	\$ 90,176	\$ 335,893	\$ -	\$ 335,893

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

JCFA
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	EAST BANK CAMPUS			LAFAYETTE CAMPUS			Interfund Eliminations	2019 Combined Totals
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues, Grants and Other Support								
State and Local Public School Funding	\$ 2,577,134	\$ -	\$ 2,577,134	\$ 598,239	-	\$ 598,239	\$ -	4,614,246
Federal Grants	279,255	-	279,255	117,327	-	117,327	-	469,464
Donations	-	-	-	-	-	-	-	-
Other Income	7,407	-	7,407	1,553	-	1,553	(692,455)	46,352
Net Assets Released from Restrictions	-	-	-	-	-	-	-	-
Total Revenue, Grants and Other Support	2,863,796	-	2,863,796	717,119	-	717,119	(692,455)	5,130,062
Expenses								
Program Services:								
Special Education Programs	169,871	-	169,871	45,178	-	45,178	-	303,849
Career and Technical Education	115,862	-	115,862	3,849	-	3,849	-	205,496
Other Instructional Programs	794,757	-	794,757	157,992	-	157,992	-	1,395,036
Pupil Support Services	388,395	-	388,395	138,401	-	138,401	-	744,491
Instructional Staff Services	39,049	-	39,049	18,001	-	18,001	-	308,071
School Administration	400,767	-	400,767	137,263	-	137,263	-	893,746
Operation and Maintenance of Plant	452,987	-	452,987	90,993	-	90,993	-	762,862
Student Transportation Services	23,563	-	23,563	1,170	-	1,170	-	33,263
Food Service	13,142	-	13,142	-	-	-	-	15,908
Depreciation	20,942	-	20,942	4,703	-	4,703	-	28,188
Management and General:								
General Administration	-	-	-	2,879	-	2,879	-	69,913
Business Services	391,566	-	391,566	94,906	-	94,906	(692,455)	138,494
Central Services	9,723	-	9,723	5,409	-	5,409	-	138,739
Total Expenses	2,820,624	-	2,820,624	700,744	-	700,744	(692,455)	5,038,056
Change in Net Assets	43,172	-	43,172	16,375	-	16,375	-	92,006
Net Assets, Beginning of Period	325,935	-	325,935	13,742	-	13,742	-	626,716
Prior Period Adjustment	\$ (106,571)	-	(106,571)	-	-	-	-	-
Net Assets, End of Period	\$ 262,536	\$ -	\$ 262,536	\$ 30,117	\$ -	\$ 30,117	\$ -	\$ 718,722

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

JCFA
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	CMO			WEST BANK CAMPUS		
	PROGRAM SERVICES	SUPPORT SERVICES		PROGRAM SERVICES	SUPPORT SERVICES	
	Instructional	Management and General		Total Expenses	Instructional	
Expenses:						
Salaries	\$ 301,744	\$ 193,085	\$ 494,829	\$ 739,862	\$ -	\$ 739,862
Social Security	24,699	6,757	31,456	44,584	-	44,584
Medicare	4,585	2,771	7,356	10,692	-	10,692
Unemployment	568	337	905	2,831	-	2,831
Retirement	26,905	16,056	42,961	43,061	-	43,061
Other Benefits	23,105	9,152	32,257	73,111	478	73,589
Purchased Educational Services	-	-	-	5,750	-	5,750
Other Professional Services	2,718	44,733	47,451	75,445	1,644	77,089
Advertising	-	4,129	4,129	245	-	245
Travel	1,304	7,367	8,671	3,174	635	3,809
Supplies	944	11,795	12,739	43,868	1,406	45,274
Utilities	-	-	-	28	-	28
Rent	-	395	395	86,576	-	86,576
Insurance	4,991	22,529	27,520	1,706	-	1,706
Communication	2,400	4,443	6,843	58,813	-	58,813
Repairs and Maintenance	946	-	946	40,920	-	40,920
Transportation	-	-	-	10,774	-	10,774
Food Service Management	-	-	-	2,766	-	2,766
Depreciation Expense	729	-	729	1,814	-	1,814
Other	1,102	632	1,734	31,265	-	31,265
	<u>\$ 396,740</u>	<u>\$ 324,181</u>	<u>\$ 720,921</u>	<u>\$ 1,277,285</u>	<u>\$ 4,163</u>	<u>\$ 1,281,448</u>

	EAST BANK CAMPUS			LAFAYETTE CAMPUS			2019 COMBINED TOTALS		
	PROGRAM SERVICES	SUPPORT SERVICES		PROGRAM SERVICES	SUPPORT SERVICES		PROGRAM SERVICES	SUPPORT SERVICES	Combined Total Expenses
	Instructional	Management and General		Total Expenses	Instructional		Management and General	Total Expenses	
Expenses:									
Salaries	\$ 1,360,691	\$ -	\$ 1,360,691	\$ 355,930	\$ -	\$ 355,930	\$ 2,758,227	\$ 193,085	\$ 2,951,312
Social Security	79,197	-	79,197	21,145	-	21,145	169,625	6,757	176,382
Medicare	19,590	-	19,590	4,944	-	4,944	39,811	2,771	42,582
Unemployment	4,590	-	4,590	1,311	-	1,311	9,300	337	9,637
Retirement	67,075	-	67,075	15,961	-	15,961	153,002	16,056	169,058
Other Benefits	166,521	1,355	167,876	18,135	-	18,135	280,872	10,985	291,857
Purchased Educational Services	-	-	-	-	-	-	5,750	-	5,750
Other Professional Services	274,393	7,642	282,035	15,693	1,000	16,693	368,249	55,019	423,268
Advertising	-	-	-	-	-	-	245	4,129	4,374
Travel	8,448	-	8,448	10,506	7,288	17,794	23,432	15,290	38,722
Supplies	117,624	528	118,152	25,793	258	26,051	188,229	13,987	202,216
Utilities	5,434	-	5,434	387	-	387	5,849	-	5,849
Rent	146,422	-	146,422	59,148	-	59,148	292,146	395	292,541
Insurance	-	-	-	9,045	-	9,045	15,742	22,529	38,271
Communication	7,541	731	8,272	29,607	-	29,607	98,361	5,174	103,535
Repairs and Maintenance	90,422	-	90,422	12,729	-	12,729	145,017	-	145,017
Transportation	30,522	-	30,522	2,087	-	2,087	43,383	-	43,383
Food Service Management	-	-	-	-	-	-	2,766	-	2,766
Depreciation Expense	20,942	-	20,942	4,703	-	4,703	28,188	-	28,188
Other	19,923	-	19,923	10,426	-	10,426	62,716	632	63,348
	<u>\$ 2,419,335</u>	<u>\$ 10,256</u>	<u>\$ 2,429,591</u>	<u>\$ 597,550</u>	<u>\$ 8,546</u>	<u>\$ 606,096</u>	<u>\$ 4,690,910</u>	<u>\$ 347,146</u>	<u>\$ 5,038,056</u>

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

JCFA
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	CMO	WEST BANK	EAST BANK	LAYAYETTE	INTERFUND ELIMINATIONS	2019 COMBINED TOTALS
Cash Flows from Operating Activities						
Change in Net Assets	\$ 2,633	\$ 29,826	\$ 43,172	\$ 16,375	\$ -	\$ 92,006
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities						
Depreciation	729	1,814	20,942	4,703	-	28,188
Decrease (Increase) in:						
Accounts Receivable	(1,790)	24,138	43,518	14,117	-	79,983
Prepaid Expenses	16,078	(38,254)	1,175	(483)	-	(21,484)
Due From Other Funds	(414,433)	(409,319)	(653,253)	-	-	(1,477,005)
(Decrease) Increase in:						
Accounts Payable and Accrued Liabilities	(138)	(19,377)	(2,574)	(694)	-	(22,783)
Due to Other Funds	430,975	594,475	388,617	62,938	-	1,477,005
Net Cash Provided (Used) by Operating Activities	<u>34,054</u>	<u>183,303</u>	<u>(158,403)</u>	<u>96,956</u>	<u>-</u>	<u>155,910</u>
Cash Flows from Investing Activities						
Purchase of fixed assets	-	-	-	-	-	-
Net Cash (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	34,054	183,303	(158,403)	96,956	-	155,910
Cash and Cash Equivalents, Beginning of Period	-	90,508	314,049	-	-	404,557
Cash and Cash Equivalents, End of Period	<u>\$ 34,054</u>	<u>\$ 273,811</u>	<u>\$ 155,646</u>	<u>\$ 96,956</u>	<u>\$ -</u>	<u>\$ 560,467</u>

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

JCFA
NOTES TO COMBINING FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: Summary of Significant Accounting Policies

The JCFA (the School) was created as a non-profit corporation under the laws of the State of Louisiana on January 27, 2010. The School applied to the Jefferson Parish School Board to operate a Type I charter school. The Jefferson Parish School Board approved the charter of the School for a period of five years commencing on July 1, 2010 and ending on June 30, 2015. Effective July 1, 2015, the charter was renewed for an additional 5 years expiring June 30, 2020. The School serves eligible students in eighth through twelfth grade.

On October 19, 2011 the State Board of Elementary and Secondary Education (BESE) approved JCFA as an alternative school. The School is required to renew their status as an alternative school annually.

In December 2012, JCFA applied to BESE to operate a Type II charter school at a second location in Jefferson Parish, referred to as the East Bank Campus. BESE has approved a three year charter renewal, effective July 1, 2018 and ending June 30, 2021.

In June 2017, JCFA applied to BESE to operate a Type II charter school in Lafayette, Louisiana. BESE approved a four year contract, effective July 1, 2017 and ending June 30, 2021.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the combining financial statements. The combining financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors, and others entered into by the organization in the course of its business.

Net Assets with Donor Restrictions – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The School had no net assets with donor restrictions as of June 30, 2019.

JCFA
NOTES TO COMBINING FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Revenues

The School's primary sources of funding are through the State Public School Fund and federal grants, as well as private donations. Federal grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Property and Equipment

Property and equipment are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation is calculated using the straight line method with useful lives of 2 to 5 years.

Income Taxes

The School is operating under Section 501(c)(3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. Accordingly, no provision for income taxes is included in the combining financial statements.

Cash and Cash Equivalents

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

Change in Accounting Principle

Effective July 1, 2018, the School adopted Accounting Standards Update (ASU) 2016- 14, Not-for-Profit Entities (Topic 958) — Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f)

JCFA
NOTES TO COMBINING FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. The School's net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The School did not have any assets with donor restrictions.

NOTE 2 - Cash and Cash Equivalents

At June 30, 2019 cash consists of demand deposits in a local bank of \$560,467.

NOTE 3 - Accounts Receivable

Accounts receivable are stated at the amount the School expects to collect from outstanding balances. The combining financial statements do not include an estimate for an allowance for doubtful accounts since the School believes all receivables are collectible.

NOTE 4 - Concentrations

The School received approximately 99% of its total revenues from Federal and State grantors. The School maintains cash balances at a financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the School's amounts may exceed the federally insured limits.

NOTE 5 - Contingencies

Amounts received or receivable from federal, state or local agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by such agencies cannot be determined at this time, although the School expects any such amounts to be immaterial.

NOTE 6 - Retirement Plan

The School provides a 401(k) plan for all regular full-time employees. An employee becomes eligible to participate in the plan on the first day of the month following the date of hire. Contributions to the plan are made by way of pre-tax salary deferrals and are made at the sole discretion of the employee up to the maximum amount allowed by federal law. The School will make a matching contribution equal to two times the amount of the employee contribution up to a maximum of 12%, and all employees are immediately vested. For the year ended June 30, 2019, the School recorded retirement contributions in the amount of \$169,058.

JCFA
NOTES TO COMBINING FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - Expense Allocation

The financial statements report certain categories of expenses that are attributable to either instructional services or management and general services of the School. Virtually all expenses are directly attributable to one of these two categories.

NOTE 8 - Leases

The School leases buildings at 475 Manhattan Boulevard, Gretna, Louisiana, under the terms of an operating lease expiring June 30, 2020.

The School leases buildings at 3410 Jefferson Highway, Jefferson, Louisiana under the terms of an operating lease expiring June 30, 2021.

The School leases buildings at 1415 Teche Street, New Orleans, Louisiana under the terms of an operating lease expiring June 30, 2021.

The School leases buildings at 1501 Ambassador Caffery Parkway, Lafayette, Louisiana under the terms of an operating lease expiring June 30, 2020.

For the year ended June 30, 2019, total rent expense amounted to \$278,600.

The future minimum lease payments under the above leases are as follows:

<u>Fiscal Year End</u>	<u>Lease Commitment</u>
June 30, 2020	\$288,600
June 30, 2021	<u>165,000</u>
Total	<u>\$453,600</u>

NOTE 9 - Fixed Assets

For the year ended June 30, 2019, depreciation expense was \$28,188.

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were acquired. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, any assets purchased with those funds will revert back to the State of Louisiana.

NOTE 10 - Uncertain Income Taxes

The School has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC. The implementation of this topic had no impact on the combining statement of financial position or combining statement of activities.

JCFA
NOTES TO COMBINING FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - Uncertain Income Taxes (Continued)

The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to review by various taxing authorities. The School's open audit period is 2017-2019. Management has evaluated the School's tax positions and concluded that the School has taken no uncertain tax positions that require adjustment to the combining financial statements to comply with the provisions of this guidance.

NOTE 11 - Liquidity and Availability of Resources

At June 30, 2019, the School has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following:

Cash	\$ 560,467
Accounts receivable	<u>71,100</u>
	<u>\$ 631,567</u>

The School structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

NOTE 12 - Prior Period Adjustment

Net assets without restrictions at July 1, 2018 have been adjusted to correct expense allocations among the locations of the School for the year ended June 30, 2018. The effect of the adjustment was to increase beginning net assets of the CMO by \$174,611 and decrease the beginning net assets of the West Bank and East Bank campuses by \$68,040 and \$106,571, respectively. The correction had no effect on either the prior year or current year combined net assets without restrictions.

NOTE 13 - Date of Management's Review

Management has evaluated subsequent events through the date that the combining financial statements were available to be issued, October 9, 2019.



**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**

October 9, 2019

The Board of Governance
JCFA

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 combining financial statements of JCFA (a nonprofit organization), which comprise the combining statement of financial position as of June 30, 2019 and the related combining statements of activities, and cash flows for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated October 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the combining financial statements, we considered JCFA’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combining financial statements, but not for the purpose of expressing an opinion on the effectiveness of JCFA’s internal control. Accordingly, we do not express an opinion on the effectiveness of the JCFA’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 combining financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JCFA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hienz & Macaluso, LLC
Metairie, LA

JCFA
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE PERIOD ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Internal Control and Compliance Material to the Combining Financial Statements

Type of auditor’s report issued	Unmodified
<input type="checkbox"/> Material weakness(es) identified?	No
<input type="checkbox"/> Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Internal Control and Compliance Material to Federal Awards

Not applicable.

Management Letter

Not applicable.

Section II – Findings Affecting the Financial Statements

Not applicable.

JCFA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE PERIOD ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Internal Control and Compliance Material to the Combining Financial Statements

Not applicable.

Internal Control and Compliance Material to Federal Awards

Not applicable.

Management Letter

Not applicable.

JCFA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE AGENCY HEAD
FOR THE PERIOD ENDED JUNE 30, 2019

Agency Head:

Millie M. Harris

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 111,309
Benefits - Employer portion of retirement	9,276
Benefits - Employer portion of medical, dental and vision	5,279
Reimbursements	6,518
Total	<u><u>\$ 132,382</u></u>

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)**



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

October 9, 2019

The Board of Governance
JCFA

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of JCFA (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of JCFA and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of JCFA is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

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

- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Findings:

None

Class Size Characteristics (Schedule 2)

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

Findings:

None

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

3. We obtained October 1st PEP data as 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 and or equivalent listing prepared by management.

Findings:

None

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Findings:

None

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

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

Hienz & Macaluso, LLC
Metairie, LA

JCFA
Jefferson Parish, Louisiana

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2019

<u>General Fund Instructional and Equipment Expenditures</u>	Column B
General Fund Instructional Expenditures:	
Teacher and Student Interaction Activities:	
Classroom Teacher Salaries	\$831,274
Other Instructional Staff Activities	\$229,749
Instructional Staff Employee Benefits	\$235,386
Purchased Professional and Technical Services	\$1,000
Instructional Materials and Supplies	\$34,327
Instructional Equipment	\$0
Total Teacher and Student Interaction Activities	\$1,331,736
Other Instructional Activities	\$243,709
Pupil Support Services	\$675,108
Less: Equipment for Pupil Support Services	-
Net Pupil Support Services	<u>\$675,108</u>
Instructional Staff Services	\$273,833
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	<u>\$273,833</u>
School Administration	\$869,375
Less: Equipment for School Administration	-
Net School Administration	<u>\$869,375</u>
Total General Fund Instructional Expenditures (Total of Column B)	<u><u>\$3,393,761</u></u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)	<u><u>-</u></u>

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

JCFA
Jefferson Parish, Louisiana

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2019

Certain Local Revenue Sources

Local Taxation Revenue:

Advalorem Taxes

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Result of Court Ordered Settlement (Ad Valorem)	-
Penalties/Interest on Ad Valorem Taxes	-
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)	-

Sales Taxes

Sales and Use Taxes - Gross	-
Sales/Use Taxes - Court Settlement	-
Penalties/Interest on Sales/Use Taxes	-
Sales/Use Taxes Collected Due to TIF	-
Total Local Taxation Revenue	<u>-</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>-</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>-</u>

Nonpublic Textbook Revenue

Nonpublic Textbook Revenue	-
Nonpublic Transportation Revenue	<u>\$ -</u>

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

JCFA
 Harvey, Louisiana

JCFA
 Jefferson Parish, Louisiana

Schedule 2

Class Size Characteristics
 As of October 1, 2018

	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Class								
Middle High								
Middle High Activity Class								
High	94%	178	6%	11	1%	1	0%	0
High Activity Class	91%	20	5%	1	5%	1	0%	0
Combination								
Combination Activity Class								

See Independent Accountant's Report on Applying Agreed-Upon Procedures.