

**MORRIS JEFF  
COMMUNITY SCHOOL, INC.  
NEW ORLEANS, LA**

Annual Financial Statements

June 30, 2019

## Contents

---

<b>Independent Auditor's Report</b>	1-2
<hr/>	
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
<hr/>	
<b>Schedule of Compensation, Benefits and Other Payments to the Agency Head</b>	15
<b>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 <i>Government Auditing Standards</i></b>	16-17
<hr/>	
<b>Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by Uniform Guidance</b>	18-19
<b>Schedule of Expenditures of Federal Awards</b>	20
<b>Notes to the Schedule of Expenditures of Federal Awards</b>	21
<b>Schedule of Current Year Findings and Questioned Costs</b>	22
<b>Schedule of Prior Year Findings</b>	23
<hr/>	
<b>Independent Accountant's Report On Applying Agreed-Upon Procedures</b>	24-26
<hr/>	
<b>Schedules required by Louisiana State Law (R.S. 24:514 – Performance and Statistical Data)</b>	
Schedule 1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	27
Schedule 2: Class Size Characteristics	28
<hr/>	



## INDEPENDENT AUDITOR'S REPORT

December 19, 2019

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, Louisiana

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Morris Jeff Community School, Inc. 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.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, Morris Jeff Community School, Inc. adopted Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the agency head and the schedule of expenditures of federal awards, as required by *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 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 December 19, 2019 on our consideration of Morris Jeff Community School 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morris Jeff Community School Inc.'s internal control over financial reporting and compliance.

*Hienz & Macaluso, LLC*  
Metairie, LA

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

**ASSETS**

Current Assets	
Unrestricted cash and cash equivalents	\$ 2,068,515
Restricted cash and cash equivalents	4,458
Grant receivable	543,441
Other receivable	42,937
Prepaid expenses	48,201
Security deposits	19,997
Total current assets	2,727,549
Property and Equipment	
Furniture and equipment	40,869
Accumulated depreciation	(40,869)
Total Property & Equipment, net	-
Total assets	2,727,549

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	591,567
Accrued liabilities	350,013
Total current liabilities	941,580
Total liabilities	941,580

**NET ASSETS**

Net Assets	
Without donor restrictions	1,781,511
With donor restrictions	4,458
Total net assets	1,785,969
Total liabilities and net assets	\$ 2,727,549

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

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**REVENUES**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
State public school funding	\$ 9,484,984	\$ -	\$ 9,484,984
Federal grants	1,310,290	-	1,310,290
State and local grants	571,209	-	571,209
Private grants	122,931	-	122,931
Donations	89,919	-	89,919
Event income	50,821	-	50,821
Other income	558,909	-	558,909
Net assets released from restrictions:			
Time and purpose restrictions satisfied	<u>879,959</u>	<u>(879,959)</u>	<u>-</u>
 Total revenues	 <u>13,069,022</u>	 <u>(879,959)</u>	 <u>12,189,063</u>

**EXPENSES**

Program services			
Regular education programs	4,500,153	-	4,500,153
Special education programs	1,806,524	-	1,806,524
Other instructional programs	679,095	-	679,095
Special programs	719,410	-	719,410
Instructional staff services	952,704	-	952,704
School administration	821,497	-	821,497
Student transportation services	608,230	-	608,230
Operation and maintenance of plant services	1,220,718	-	1,220,718
Pupil support services	350,250	-	350,250
Food service operations	401,441	-	401,441
Community services operations	2,622	-	2,622
Management and General			
Business services	379,991	-	379,991
Enterprise operations	170,352	-	170,352
General administration	197,852	-	197,852
Fundraising	<u>14,060</u>	<u>-</u>	<u>14,060</u>
 Total expenses	 <u>12,824,899</u>	 <u>-</u>	 <u>12,824,899</u>
 Change in net assets	 244,123	 (879,959)	 (635,836)
 Net assets, beginning of year	 <u>1,537,388</u>	 <u>884,417</u>	 <u>2,421,805</u>
 Net assets, end of year	 <u>\$ 1,781,511</u>	 <u>\$ 4,458</u>	 <u>\$ 1,785,969</u>

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

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		<u>Total Expenses</u>
	<u>Instructional</u>	<u>Management and General</u>		
<b>Expenses:</b>				
Salaries	\$ 6,016,572	\$ 321,409	\$ -	\$ 6,337,981
Retirement	1,612,438	78,930	-	1,691,368
Other employee benefits	470,278	17,908	-	488,186
Payroll taxes	108,786	4,356	-	113,142
Legal	-	18,515	-	18,515
Accounting	-	32,528	-	32,528
Other	1,276,742	165,863	-	1,442,605
Rent	-	15,742	-	15,742
Travel	23,165	1,113	-	24,278
Insurance	-	51,275	-	51,275
Supplies	761,434	40,556	-	801,990
Food service management	401,441	-	-	401,441
Repairs and maintenance	748,587	-	-	748,587
Transportation	643,201	-	-	643,201
Fundraising	-	-	14,060	14,060
	<u>\$ 12,062,644</u>	<u>\$ 748,195</u>	<u>\$ 14,060</u>	<u>\$ 12,824,899</u>

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

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (635,836)
Adjustments to Reconcile Change in Net Assets to to net cash provided by operating activities:	
Increase in grants receivable	430,034
Increase in other receivable	(27,407)
Increase in prepaid expense	(9,704)
Increase in accounts payable	449,448
Increase in accrued liabilities	<u>(166,386)</u>
Total adjustments	<u>675,985</u>
Net cash provided by operating activities	<u>40,149</u>
Net increase in cash and cash equivalents	40,149
Cash and cash equivalents, beginning of year	<u>2,032,824</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,072,973</u></u>

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

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – Summary of Significant Accounting Principles**

Morris Jeff Community School, Inc. (the School) was created as a non-profit corporation under the laws of the State of Louisiana (the State) on February 13, 2009. The School applied to the Louisiana Board of Elementary and Secondary Education (BESE) to operate a Type 5 charter school. On June 8, 2010, BESE approved the charter of the School. The charter was approved for a renewal term of six years in December, 2014.

The School serves eligible elementary through high school students. A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

*Financial Statement Presentation*

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). 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 net assets with donor restrictions totaling \$4,458 as of June 30, 2019.

*Basis of Accounting*

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – Summary of Significant Accounting Principles (continued)**

*Cash and Cash Equivalents*

The School classifies as cash and cash equivalents, all highly liquid debt instruments with a maturity of three months or less. Cash, which is held in interest bearing accounts, consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received specifying the use of the contribution.

*Statement of Cash Flows*

For purposes of the Statement of Cash Flows, the School considers all investments purchased with an original maturity 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) 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 net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions.

*Income Taxes*

The School is recognized by the Internal Revenue Service as a Section 501 (c)(3) tax-exempt organization. An IRS Form 990, Return of Organization Exempt from Income Tax, must be filed annually. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that require adjustment to the financial statements. Penalties and interest, if any, would be included in income tax expense.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – Summary of Significant Accounting Principles (continued)**

The School's federal Form 990 for 2015 through 2017 is subject to examination by the IRS, generally for three years after it was filed. As of the date of this report, an extension has been filed for the School's 2018 Form 990, which is for the fiscal year ended June 30, 2019.

*Compensated Absences*

The School allows employees 10 paid absences during the school year. At June 30, 2019, the School had obligations of \$0 of accumulated unpaid leave.

*Public Support and Revenue*

The School receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. State and Federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances for uncollectible contributions are estimated. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give for subsequent years are recorded as receivables and net assets with donor restrictions in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. The School uses the direct write-off method of writing off uncollectible receivables.

Contributions of donated non-cash 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.

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.

*Program Revenue*

Revenue for services provided is recorded when earned.

*Receivables and Allowance for Doubtful Accounts*

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – Summary of Significant Accounting Principles (continued)**

School provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of debtors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the School's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

*Property and Equipment*

Property and equipment exceeding \$5,000 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.

*Functional Classification of Expenses*

Expenses are classified by functional classification and are matched with any donor-imposed restrictions for GAAP financial reporting purposes. Virtually all expenses are directly attributable to the categories below.

*Program Service Expenses-* Direct and indirect costs related to providing education and the services consistent with the School's mission.

This category includes any expenses related to the instruction and well-being of students (both regular population and special education):

STAFF	MATERIALS	STUDENT SERVICES
Teachers	Textbooks	Health Services
Paraprofessionals	Library Books	Food Services
Other Classroom Staff	Instructional Supplies	Facilities Services
Librarians	Instructional Equipment	Transportation Services
Professional Development	Testing Materials	Community Services
Contracted Instructional Services		Athletic Services
Music/Arts Programs		

*Management and General Expenses-* These expenses include any activities that are related to the overall management and direction of the School, but are not identifiable to any specific program or fundraising activity. Examples include board related expenses and business management expenses, such as accounting/recordkeeping, payroll and legal. These expenses also include both devoted and partially allocated staff as well as contracting expenses with external management companies.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – Summary of Significant Accounting Principles (continued)**

*Fundraising Expenses-* Cover all activities related to bringing in revenues for the School, including state/federal grants used to conduct fundraising campaigns, conduct special fundraising events, and conduct other activities involved in the solicitation of contributions from outside sources.

*Concentrations*

The School received 78% of its revenues for the year ended June 30, 2019, from the Louisiana State Department of Education's Minimum Foundation Program, subject to its charter school contract with the State, and 11% of its funding from federal grants.

**NOTE 2 – Cash and Cash Equivalents**

The School's cash and cash equivalents (book balance) at June 30, 2019, totaled \$2,072,973 which is stated at cost and approximates market. Of this amount, \$4,458 is restricted due to provisions of grants and donations for certain uses. The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**NOTE 3 – Grants Receivable**

As of June 30, 2019, grants receivable totaled \$543,441, which was a receivable for federal grants passed through the Louisiana Department of Education and others. The balance is considered to be fully collectible.

**NOTE 4 – Accrued Liabilities**

As of June 30, 2019, the School has recorded accrued liabilities of \$350,013. This amount consists of accrued salaries and benefits representing pay periods that ended prior to the year end, but were not paid until after year end.

**NOTE 5 – Retirement Plan**

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

*Plan Description*

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits and five years for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publically available financial report that includes financial statements and required

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 – Retirement Plan (continued)**

supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

*Funding Policy*

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The rate is 26.7% of annual eligible contributions for the TRSL and is established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the years ended June 30, 2019, 2018 and 2017, were \$1,691,368, \$1,322,995 and, \$1,192,422, respectively, which is equal to the required contribution.

**NOTE 6 – Leases**

The School operates under a lease agreement with the Orleans Parish School Board (OPSB) for the campus located at 211 S. Lopez Street, New Orleans, Louisiana. The lease is classified as an operating lease and was effective July 1, 2018 and extends through June 30, 2021. In consideration of the use of the premises, the School pays OPSB an annual use fee consisting of the per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled facilities participating in the program. The total use fee for the year ended June 30, 2019 was \$107,439.

**NOTE 7 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes as of June 30, 2019:

Cafeteria Equipment and Software	<u>\$ 4,458</u>
----------------------------------	-----------------

**NOTE 8 – Net Assets Released From Restriction**

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes for the year ended June 30, 2019:

Blended Learning	\$ 24,742
Opening of High School	<u>855,217</u>
Total	<u>\$879,959</u>

**NOTE 9 – Line of Credit**

The School has an operating line of credit with a bank which permits borrowing up to \$70,000. Interest is calculated on the outstanding principal balance at 9.50%. As of June 30, 2019, the School had no outstanding principal due under this agreement.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 10 – Board Member’s Compensation**

Board members are not compensated for their service; therefore a schedule of board members and compensation is not presented.

**NOTE 11 – Property and Equipment**

Depreciation expense for the year ended June 30, 2019 was \$0. Depreciation is calculated using the straight line method with useful lives of 5 years.

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 12 – Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor 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 grantors cannot be determined at this time, although the School expects any such amounts to be immaterial.

**NOTE 12 – 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	\$2,068,515
Grant receivable	543,441
Other receivable	<u>42,937</u>
	<u>\$2,654,893</u>

None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The School’s objective is to maintain liquid assets without donor restrictions sufficient to cover 60 days of program expenditures. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 13 – Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

**MORRIS JEFF COMMUNITY SCHOOL, INC.  
SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO THE AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head Name: Patricia Perkins

<u>Purpose</u>	<u>Amount</u>
Salary	\$124,714
Benefits – Employer Portion of Insurance	4,815
Benefits – Employer Portion of Retirement	<u>33,174</u>
	<u>\$162,703</u>



**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***

December 19, 2019

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, 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 Morris Jeff Community School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 December 19, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Morris Jeff Community School, Inc.’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morris Jeff Community School Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Morris Jeff Community School Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is intended for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and the Louisiana Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA



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

December 19, 2019

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, LA

**Report on Compliance for Each Major Federal Program**

We have audited Morris Jeff Community School Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Morris Jeff Community School, Inc.'s major federal programs for the year ended June 30, 2019. Morris Jeff Community School Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Morris Jeff Community School, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Morris Jeff Community School, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Morris Jeff Community School, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Morris Jeff Community School, 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, 2019.

### **Report on Internal Control Over Compliance**

Management of Morris Jeff Community School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Morris Jeff Community School, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Morris Jeff Community School, Inc.'s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Hienz & Macaluso, LLC*  
Metairie, LA

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Expenditures
United States Department of Education (Passed through the Louisiana Department of Education)		
<b>Special Education Cluster (IDEA)</b>		
Special Education - Grants to States	84.027	\$ 325,348
Special Education - Preschool Grants	84.173	4,406
<b>Total Special Education Cluster (IDEA)</b>		<u>329,754</u>
Student Support and Academic Enrichment Program	84.424	24,706
Improving Teacher Quality State Grants	84.367	58,408
Title I Grants to Local Educational Agencies	84.010	368,385
United States Department of Education (Passed through NOLA Business Alliance)		
	84.048	<u>15,240</u>
Total United States Department of Education		<u>796,493</u>
United States Department of Agriculture (Passed through the Louisiana Department of Education)		
<b>Child Nutrition Cluster</b>		
School Breakfast Program	10.553 *	66,887
National School Lunch Program	10.555 *	244,440
<b>Total Child Nutrition Cluster</b>		<u>311,327</u>
Child and Adult Care Food Program	10.558	52,700
Total United States Department of Agriculture		<u>364,027</u>
United States Department of Health and Human Services (Passed through the Louisiana Department of Education)		
Temporary Assistance for Needy Families	93.558	<u>149,770</u>
Total United States Department of Health and Human Services		<u>149,770</u>
Total Federal Financial Assistance		<u>\$ 1,310,290</u>
* Major program.		

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Morris Jeff Community School, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Morris Jeff Community School, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Morris Jeff Community School, Inc.

**NOTE B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Morris Jeff Community School, Inc.
2. No control deficiencies were disclosed during the audit of the financial statements of Morris Jeff Community School, Inc.
3. No instances of noncompliance material to the financial statements of Morris Jeff Community School, Inc. were disclosed during the audit.
4. No control deficiencies relating to the audit of internal control over major federal award programs are reported on the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance*.
5. The auditor's report on compliance for the major federal programs for Morris Jeff Community School, Inc. expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported by Uniform Guidance.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
School Breakfast Program	10.553
National School Lunch Program	10.555
8. The threshold for distinguishing Type A and Type B Programs was \$750,000.
9. Morris Jeff Community School, Inc. was determined to be a low-risk auditee.
10. De minimis indirect cost rate of 10% used Not applicable

**B. Financial Statement Findings and Questioned Costs**

There were no financial statement findings or questioned costs for the year ended June 30, 2019.

**C. Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs for the year ended June 30, 2019.

**D. Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

*Section I – Internal Control and Compliance Material to Financial Statements*

There were no prior year findings.

*Section II – Internal Control and Compliance Material to Federal Awards*

Not applicable

*Section III – Management Letter*

Not applicable.



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

December 19, 2019

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Morris Jeff Community School, Inc., 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 Morris Jeff Community School, Inc. for the fiscal year ended June 30, 2019, 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, incompliance with Louisiana Revised Statute 24:514 I. Management of Morris Jeff Community School, Inc. 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 each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

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 of the October 1<sup>st</sup> 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 1<sup>st</sup> 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.

Findings: None

#### Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30<sup>th</sup> 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 conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Morris Jeff Community School, Inc. 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

Morris Jeff Community School, Inc.  
New Orleans, Louisiana

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

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 3,572,367	
Other Instructional Staff Activities	887,964	
Instructional Staff Employee Benefits	1,902,826	
Purchased Professional and Technical Services	974,533	
Instructional Materials and Supplies	526,980	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	\$ 7,864,670
Other Instructional Activities		-
Pupil Support Activities	1,042,597	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,042,597
Instructional Staff Services	-	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		-
School Administration		
Less: Equipment for School Administration	572,240	
Net School Administration	-	572,240
Total General Fund Instructional Expenditures (Total of Column B)		\$ 9,479,507
Total General Fund Equipment Expenditures (Object 730, Function Series 1000-4000)		\$ -
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue		
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	-	
Sales and Use Taxes	-	
Total Local Taxation Revenue	\$ -	
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	\$ -	
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	\$ -	
Nonpublic Textbook Revenue	\$ -	
Nonpublic Transportation Revenue	\$ -	

See independent accountant's report on applying agreed-upon procedures.

**Morris Jeff Community School, Inc.**  
**New Orleans, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2018**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	62.50%	170	36.76%	100	0.37%	1	0.37%	1
Combination Activity Classes	43.40%	23	26.42%	14	30.19%	16		

See independent accountant's report on applying agreed-upon procedures.