

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

December 20, 2019

To the Board of Directors  
New Orleans College Preparatory Academies  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of New Orleans College Preparatory Academies (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 New Orleans College Preparatory Academies 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 described in Note 1 to the financial statements, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standard Update ("ASU") No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities; this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. 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 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 20, 2019, on our consideration of New Orleans College Preparatory Academies' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 New Orleans College Preparatory Academies' internal control over financial reporting and compliance.

***Hienz & Macaluso, LLC***  
Metairie, LA

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 593,676
Governmental grant receivables	1,146,219
Private grant receivables	32,510
Other receivables	18,342
Prepaid expenses	27,295
Investments	151,046
<b>Total current assets</b>	<u>1,969,088</u>

**Property and Equipment:**

Buildings and improvements	1,323,973
Furniture and equipment	437,813
Accumulated depreciation	(897,982)
<b>Total property and equipment, net</b>	<u>863,804</u>

<b>Total assets</b>	<u>\$ 2,832,892</u>
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**LIABILITIES AND NET ASSETS**

**Current liabilities:**

Accounts payable	\$ 443,018
Salaries and benefits payable	123,727
Line of credit	250,000
Note payable	68,877
<b>Total current liabilities</b>	<u>885,622</u>

**Long-term Liabilities:**

Note payable	676,036
<b>Total long-term liabilities</b>	<u>676,036</u>

<b>Total liabilities</b>	<u>1,561,658</u>
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**Net assets:**

Without donor restrictions	1,271,027
With donor restrictions	207
<b>Total net assets</b>	<u>1,271,234</u>

<b>Total liabilities and net assets</b>	<u>\$ 2,832,892</u>
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues:</b>			
State public school funding	\$ 8,985,777	\$ -	\$8,985,777
Federal sources	3,629,896	-	3,629,896
Other state funding	244,033	-	244,033
Contributions and donations	371,479	375,575	747,054
Other income	1,285,318	-	1,285,318
Student activity revenue	4,696	-	4,696
Net assets released from restrictions	721,000	(721,000)	-
<b>Total Revenues</b>	<b>15,242,199</b>	<b>(345,425)</b>	<b>14,896,774</b>
<b>Expenses:</b>			
Program services:			
Regular education programs	3,205,041	-	3,205,041
Special education programs	1,727,625	-	1,727,625
Other instructional programs	1,160,483	-	1,160,483
Special programs	1,613,612	-	1,613,612
Pupil support services	696,053	-	696,053
Instructional staff services	1,033,350	-	1,033,350
School administration	1,274,031	-	1,274,031
Student transportation services	792,292	-	792,292
Food services	625,984	-	625,984
Career and technical education programs	46,153	-	46,153
Total Program Services	12,174,624	-	12,174,624
Support services:			
General administration	100,221	-	100,221
Business administration	325,018	-	325,018
Operations and maintenance of plant	1,559,476	-	1,559,476
Central services	432,884	-	432,884
Total Support Services	2,417,599	-	2,417,599
<b>Total Expenses</b>	<b>14,592,223</b>	<b>-</b>	<b>14,592,223</b>
<b>Change in net assets</b>	649,976	(345,425)	304,551
<b>Net assets, beginning of year</b>	621,051	345,632	966,683
<b>Net assets, end of year</b>	<b>\$ 1,271,027</b>	<b>\$ 207</b>	<b>\$1,271,234</b>

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

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**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	\$ 7,212,996	\$ 742,493	\$ 7,955,489
Other Professional Services	787,736	359,990	1,147,726
Transportation	1,096,267	3,314	1,099,581
Supplies	691,311	86,236	777,547
Other Employee Benefits	613,400	62,894	676,294
Food Service Management	607,393	-	607,393
Social Security	432,597	44,645	477,242
Repairs and Maintenance	-	341,647	341,647
Utilities	-	327,245	327,245
Other	211,735	72,795	284,530
Insurance	-	171,793	171,793
Depreciation Expense	10,041	159,167	169,208
Rent	155,477	6,350	161,827
Retirement	110,419	13,311	123,730
Communication	117,328	1,300	118,628
Medicare	101,176	10,443	111,619
Unemployment	17,353	1,860	19,213
Accounting	-	10,360	10,360
Travel	9,395	256	9,651
Legal	-	1,500	1,500
	<u>\$ 12,174,624</u>	<u>\$ 2,417,599</u>	<u>\$ 14,592,223</u>

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

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Cash Flows from Operating Activities:**

Change in net assets	\$	304,551
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		169,208
Unrealized appreciation on investments		(24,121)
Increase in governmental grant receivables		(1,749)
Decrease in private grant receivables		288,012
Decrease in prepaid expense		55,412
Decrease in accounts payable		(401,427)
Decrease in salaries and benefits payable		(100,809)
<b>Net cash provided by operating activities</b>		<u>289,077</u>

**Cash Flows from Financing Activities:**

Draws on line of credit		3,325,000
Payments on line of credit		(3,675,000)
Proceeds from note payable		100,000
Payments on note payable		(43,941)
<b>Net cash used by financing activities</b>		<u>(293,941)</u>
<b>Net decrease in cash and cash equivalents</b>		(4,864)
<b>Cash and cash equivalents, beginning of year</b>		<u>598,540</u>
<b>Cash and cash equivalents, end of year</b>	\$	<u><u>593,676</u></u>

Supplemental disclosure of cash flow information:

Cash paid for interest	\$	<u><u>52,725</u></u>
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

New Orleans College Preparatory Academies (the School) was created as a non-profit organization under the laws of the State of Louisiana on November 6, 2006. The School applied to the Louisiana Board of Elementary and Secondary Education (BESE) to operate a Type 5 charter school. On May 24, 2007, BESE approved the charter. Effective July 1, 2018, the School became a Type 3B charter under the jurisdiction of the Orleans Parish School Board. The charter agreements expire as follows:

<u>Location</u>	<u>Expiration of the Charter Agreement</u>
Cohen College Prep	June 30, 2023
Crocker College Prep	June 30, 2021

The School serves eligible students in pre-kindergarten through twelfth grade.

**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 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**

Under U.S. GAAP, the School is required to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the School's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions totaled \$207 at June 30, 2019.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Investments**

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The School groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- |         |  |
|---------|--|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.  |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none"><li><input type="checkbox"/> Quoted prices for similar assets/liabilities in active markets;</li><li><input type="checkbox"/> Quoted prices for identical or similar assets in non-active markets;</li><li><input type="checkbox"/> Inputs other than quoted prices that are observable for the asset/liability;</li><li><input type="checkbox"/> Inputs that are derived principally from or corroborated by other observable market data;</li></ul> |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data.   |

**Use of Estimates**

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

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Revenues**

The School's primary sources of funding are through federal and state 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 acquisitions greater than \$5,000 are recorded at historical cost or estimated historical cost if historical cost is not available. Depreciation is calculated using the straight line method with useful lives of 5 years. 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.

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

For the year ended June 30, 2019, depreciation expense was \$169,208.

**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 financial statements.

**Cash and Cash Equivalents**

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

**Paid Time Off**

Full-time employees are eligible to earn paid time off in addition to school holidays and break periods. Paid time off begins to accrue on the first day an employee works for the school. Paid time off cannot be rolled over to the following year and is paid out at the rate of \$125 per day or at a daily rate whichever is greater at the end of each year. At June 30, 2019, the School's liability for paid time off was \$-0-.

**New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 – Cash and cash equivalents**

At June 30, 2019, cash consists of demand deposits in a local bank of \$593,676.

The School maintains cash balances at various banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, these accounts may exceed the federally insured limits.

**NOTE 3 – Grant and Other Receivables**

At June 30, 2019, grant and other receivables totaled \$1,197,071 which consisted of federal, state and private grants. These receivables are considered fully collectible; therefore, management does not consider an allowance for doubtful accounts to be necessary.

**NOTE 4 – Concentrations**

The School received approximately 86% of its total revenues from Federal and State grantors.

**NOTE 5 - 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 6 – Retirement Plan**

The School provides a 403(b) plan for all regular full-time employees who are 21 years of age or older. 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 4% of salary, and all employees are immediately vested. For the year ended June 30, 2019, the School recorded retirement contributions in the amount of \$123,730.

**NOTE 7 – Board Members' Compensation**

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

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 8 – Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following: salaries and benefits have been allocated based on time and effort. Other professional services, rent, communication, travel, supplies, and other have been allocated based on actual expenses.

**NOTE 9 – Net Assets**

At June 30, 2019, net assets with donor restrictions are available for the following purposes or periods:

Scholarship Fund	<u>\$207</u>
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Net assets released from donor restrictions are as follows:

Kellogg	\$720,000
Scholarship Fund	<u>1,000</u>
	<u>\$721,000</u>

**NOTE 10 – Uncertain Income Taxes**

On July 1, 2009, the School adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASC ASC. The implementation of this topic had no impact on the statement of financial position or statement of activities. The School’s 2007 through 2016 information returns have been filed appropriately. As of the date of this report, the School has been approved for an extension to file their 2017 tax return. 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 audit by various taxing authorities. The School’s open audit periods are 2014 through 2016. Management has evaluated the School’s tax positions and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**NOTE 11 – Line of Credit**

The School has a \$1,000,000 line of credit (the “line”) with a local financial institution. The line matures on August 28, 2019 and bears interest at a variable rate based on the Wall Street Journal Prime rate. At June 30, 2019, the interest rate was 5.50%. The line is secured by the School’s deposit account at the financial institution. At June 30, 2019, the balance on the line was \$250,000. For the year ended June 30, 2019, interest expense on the line was \$11,739.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 – Investments**

The following is a summary of investments at June 30, 2019:

Common stocks	<u>\$151,046</u>
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All investments were considered Level 1 investments.

**NOTE 13 – Liquidity and Availability of Resources**

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

Cash and cash equivalents	\$ 593,676
Governmental grant receivables	1,146,219
Private grant receivables	32,510
Other receivables	18,342
Investments	<u>151,046</u>
	<u>\$1,941,793</u>

The School's objective is to maintain liquid financial 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 financial resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

**NOTE 14 – Note Payable**

The School has obtained a loan in the maximum amount of \$826,000 for the acquisition, development, and construction of an early learning center. The note matures on February 22, 2028, bears interest at 5.25% per annum and is collateralized by the above mentioned property. The note calls for nine consecutive monthly payments of interest on the principal amount outstanding beginning on July 22, 2017. Commencing April 22, 2018, the note calls for 120 monthly payments of \$8,862 and one final payment on February 22, 2028 of all unpaid amounts. For the year ended June 30, 2019, interest expense was \$40,986. The balance of the note payable at June 30, 2019 was \$744,913.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 14 – Note Payable (Continued)**

Estimated future maturities on the note are as follows for the fiscal years ended June 30:

2020	\$ 68,877
2021	72,581
2022	76,485
2023	80,598
2024	84,933
Thereafter	<u>361,439</u>
	<u>\$744,913</u>

**NOTE 15 – Leases**

The School operates under lease agreements with the Orleans Parish School Board (OPSB) for both of its campuses. The leases are classified as operating leases and were effective July 1, 2018 and extend 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 \$99,239.

**NOTE 16 – Date of Management’s Review**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 20, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been included for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO THE AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head Name: Joel Castro

<b><u>Purpose</u></b>	
Salary	\$ 155,000
Insurance	4,275
Medicare	2,226
FICA	9,517
Unemployment Ins	<u>103</u>
	<u>\$ 171,121</u>

See the accompanying independent auditor's report.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<i>Federal Grantor/Program or Cluster Title</i>	<i>CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<b>Other Programs</b>		
<b>United States Department of Education</b>		
(Passed through the Louisiana Department of Education)		
Title I Grants to Local Educational Agencies	84.010	\$755,162
<b>Special Education Cluster (IDEA)</b>		
Special Education Grants to States	84.027	313,515
Special Education - Preschool Grants	84.173	2,052
<b>Total Special Education Cluster</b>		<u>315,567</u>
Higher Education Institutional Aid	84.031	39,441
Career and Technical Education Basic Grants to States	84.048	45,721
Twenty-First Century Community Learning Centers	84.287	434,534
School Improvement Grants	84.377	120,168
(Passed through New Schools for New Orleans)		
Teacher Incentive Fund	84.374	239,097
<b>Total United States Department of Education</b>		<u>1,949,690</u>
<b>United States Department of Health and Human Services</b>		
(Passed through the Louisiana Department of Education)		
Temporary Assistance for Needy Families	93.558	99,845
(Passed through Kingsley House)		
Head Start	93.600	442,288
(Passed through Boys Town)		
Head Start	93.600	182,788
Total Head Start		<u>625,076</u>
<b>Total United States Department of Health and Human Services</b>		<u>724,921</u>
<b>United States Department of Agriculture</b>		
(Passed through the Louisiana Department of Education)		
National School Lunch Program	10.555	484,198
Child and Adult Care Food Program	10.558	158,407
<b>Total United States Department of Agriculture</b>		<u>642,605</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$3,317,216</u></u>

The accompanying notes are an integral part of this schedule

See the accompanying independent auditor's report.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**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 New Orleans College Preparatory Academies (the School) under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

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

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

**NOTE C – Relationship to Financial Statements**

Federal awards are included in federal sources in the statement of activities for the year ended June 30, 2019.

**NOTE D – De Minimis Cost Rate**

During the year ended June 30, 2019, New Orleans College Preparatory Academies did not elect to use the 10% De Minimis cost rate covered in §200.414 of the Uniform Guidance.

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



**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 20, 2019

To the Board of Directors  
New Orleans College Preparatory Academies  
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 New Orleans College Preparatory Academies (a nonprofit organization) (the 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 20, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered New Orleans College Preparatory Academies’ 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 New Orleans College Preparatory Academies’ 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 New Orleans College Preparatory Academies' 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana 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 THE UNIFORM GUIDANCE**

December 20, 2019

To the Board of Directors  
New Orleans College Preparatory Academies  
New Orleans, Louisiana

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

We have audited New Orleans College Preparatory Academies' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Orleans College Preparatory Academies' major federal programs for the year ended June 30, 2019. New Orleans College Preparatory Academies' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current year 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 New Orleans College Preparatory Academies' 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 New Orleans College Preparatory Academies' 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 New Orleans College Preparatory Academies' compliance.

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

In our opinion, New Orleans College Preparatory Academies 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 New Orleans College Preparatory Academies 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 New Orleans College Preparatory Academies' 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 New Orleans College Preparatory Academies' 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.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
SCHEDULE OF CURRENT YEAR 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 New Orleans College Preparatory Academies.
2. No control deficiencies were disclosed during the audit of the financial statements of New Orleans College Preparatory Academies.
3. No instances of noncompliance material to the financial statements of New Orleans College Preparatory Academies 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 the Uniform Guidance*.
5. The auditor’s report on compliance for the major federal programs for New Orleans College Preparatory Academies expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported by the Uniform Guidance.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
Child and Adult Care Food Program	10.558
Twenty-First Community Learning Centers	84.287
Temporary Assistance for Needy Families	93.558
8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. New Orleans College Preparatory Academies was determined to be a low-risk auditee.

**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.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

There were no prior year findings.

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

There were no prior year findings.

*Section III - Management Letter:*

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

R.S. 24:514 I – PERFORMANCE AND STATISTICAL DATA AGREED-  
UPON PROCEDURES



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

December 20, 2019

To the Board of Directors  
New Orleans College Preparatory Academies  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of New Orleans College Preparatory Academies; 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 New Orleans College Preparatory Academies 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; in compliance with Louisiana Revised Statute 24:514 I. Management of New Orleans College Preparatory Academies 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 described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings related to the following schedules are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- ❖ Total General Fund Instructional Expenditures
- ❖ Total General Fund Equipment Expenditures
- ❖ Total Local Taxation Revenues
- ❖ Total Local Earnings on Investment in Real Property
- ❖ Total State Revenue in Lieu of Taxes
- ❖ Nonpublic Textbook Revenue
- ❖ Nonpublic Transportation Revenue

No exceptions were noted.

### **Class Size Characteristics (Schedule 2)**

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

No exceptions were noted.

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

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

No exceptions were noted.

### **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).

No exceptions were noted.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School, as required by

Louisiana Revised Statue 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.

*Hienz & Macaluso, LLC*  
Metairie, LA

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
New Orleans, 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 A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,843,970	
Other Instructional Staff Activities	922,181	
Instructional Staff Employee Benefits	822,584	
Purchased Professional and Technical Services	632,372	
Instructional Materials and Supplies	211,749	
Instructional Equipment	21,135	
Total Teacher and Student Interaction Activities		<u>\$ 5,453,991</u>
Other Instructional Activities		<u>\$ 1,761,556</u>
Pupil Support Services	1,124,915	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		<u>\$ 1,124,915</u>
Instructional Staff Services	75,275	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		<u>\$ 75,275</u>
School Administration	2,452,904	
Less: Equipment for School Administration	(2,565)	
Net School Administration		<u>\$ 2,450,339</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u><u>\$ 10,866,076</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.

**Schedule 1  
(Continued)**

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
New Orleans, 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	\$	-

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.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES**  
**New Orleans, Louisiana**

**Schedule 2**

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	13%	2	13%	2	7%	1	67%	10
Elementary Activity Class	0%	-	0%	-	0%	-		-
Middle High	0%	-	0%	-	0%	-		-
Middle High Activity Class	0%	-	0%	-	0%	-		-
High	96%	129	1%	2	1%	1	2%	3
High Activity Class	86%	18	10%	2	5%	1		-
Combination	0%	-	0%	-	0%	-		-
Combination Activity Class	0%	-	0%	-	0%	-		-

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