

**JEFFERSON COMMUNITY CHARTER SCHOOL
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT 1

FINANCIAL STATEMENTS

 Statement of Financial Position in Liquidation 3

 Statement of Activities in Liquidation 4

 Notes to Financial Statements 5

GOVERNMENTAL AUDITING STANDARDS REPORT

 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 Governmental Auditing Standards 8



Carr, Riggs & Ingram, LLC
3501 North Causeway Boulevard
Suite 810
Metairie, Louisiana 70002

(504) 837-9116
(504) 837-0123 (fax)
www.CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jefferson Community Charter School
New Orleans, LA

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson Community Charter School (a nonprofit organization) (the "School"), which comprise the Statement of Financial Position in Liquidation as of June 30, 2013, and the related Statement of Activities in Liquidation 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 School'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 School'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 in the first paragraph present fairly, in all material respects, the assets in liquidation of the School as of June 30, 2013, and the changes in its net assets in liquidation for the year then ended in accordance with accounting principles generally accepted in the United States of America applied on the basis of accounting described in the following paragraph.

Basis of Accounting

As described in Note 1, the School's policy is to prepare its financial statements on the liquidation basis of accounting. Our opinion is not modified with respect to that matter.

Emphasis-of-matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the School will not continue as a going concern as of June 30, 2013. As discussed in Note 6 to the financial statements, the School has terminated operations and began liquidation of its assets. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, on our consideration of the School'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 the School's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

December 9, 2013

FINANCIAL STATEMENTS

JEFFERSON COMMUNITY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION IN LIQUIDATION
June 30, 2013

	2013
ASSETS	
Cash and cash equivalents	\$ 385,629
Total Assets	\$ 385,629
LIABILITIES AND NET ASSETS	
Account payable	\$ 331,442
Accrued expenses	18,077
Total Liabilities	349,519
Net Assets	
Unrestricted	36,110
Total Net Assets	36,110
Total Liabilities and Net Assets	\$ 385,629

See accompanying notes to financial statements.

**JEFFERSON COMMUNITY CHARTER SCHOOL
STATEMENT OF ACTIVITIES IN LIQUIDATION
For the Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
MFP- State	\$ 638,391	\$ -	\$ 638,391
Federal sources	4,292	-	4,292
Local sources	224,852	-	224,852
Interest Income	52	-	52
	<hr/>	<hr/>	<hr/>
Total Public Support and Other Revenues	867,587	-	867,587
Net Assets Released from Restrictions			
Restrictions satisfied by payments:			
Corporations and foundations	97,151	(97,151)	-
	<hr/>	<hr/>	<hr/>
Total Revenues and Support	964,738	(97,151)	867,587
EXPENSES			
Program services	422,082	-	422,082
Supporting services:			
Management and general	487,359	-	487,359
Fundraising	44,666	-	44,666
	<hr/>	<hr/>	<hr/>
Total Expenses	954,107	-	954,107
INCREASE (DECREASE) IN NET ASSETS	10,631	(97,151)	(86,520)
Net Assets, July 1, 2012	25,479	97,151	122,630
	<hr/>	<hr/>	<hr/>
Net Assets, June 30, 2013	<u>\$ 36,110</u>	<u>\$ -</u>	<u>\$ 36,110</u>

See accompanying notes to financial statements.

JEFFERSON COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Jefferson Community Charter School (a nonprofit organization) (the "School") was incorporated to provide an alternative middle school for at-risk public school students in the sixth, seventh and eighth grade who have been expelled from the Jefferson Parish Public School System. These children are taught appropriate behavioral and academic skills enabling them to return as functioning, responsible participants in the public middle and high schools. The School is a component unit of the Jefferson Parish Public School System for the year ending June 30, 2013.

Basis of Accounting

Effective June 30, 2013, the Board decided to liquidate the School and, accordingly, revalued its assets and liabilities to the amounts expected to be collected and paid during the liquidation. The effect of the revaluation is included in the Statement of Activities in Liquidation as management and general expenses. It is not presently determinable whether the amounts realizable from the disposition of the remaining assets or the amounts that creditors will agree to accept in settlement of the obligations due them will differ materially from the amounts shown in the accompanying financial statements. Differences between the revalued amounts and actual cash transactions will be recognized in the year they can be estimated.

Income Tax Status

The School is a tax-exempt organization under Internal Revenue Code Section 501 (c)(3) and, as such, is not subject to income tax.

Estimates

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

Basis of Presentation

The Schools follows the provisions of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958) which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

JEFFERSON COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Temporarily Restricted - Net assets whose use by the School is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the School pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by the School is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the School.

Subsequent Events

Subsequent events have been evaluated by management through December 9, 2013, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

The School maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ending June 30, 2013. At times, the balance may exceed the federally insured amount.

NOTE 3 - SIGNIFICANT CONCENTRATIONS

For the year ending June 30, 2013, the School received approximately 74% of its total revenue from state public school funds.

NOTE 4 - UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require the School's management to evaluate tax positions taken by the School and recognize a tax liability if the School has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The School's management has analyzed the tax positions taken by School, and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The School's management believes it is no longer subject to income tax examinations for years prior to 2010.

NOTE 5 - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any Board member for the year ended June 30, 2013.

JEFFERSON COMMUNITY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

NOTE 6- TERMINATION OF OPERATIONS

During the 2012-2013 school year, the Jefferson Community Charter School Board decided to close the School at the end of the fiscal year ended June 30, 2013. As a result of the School ceasing operations as of June 30, 2013, the School adopted the liquidation basis of accounting. Any remaining assets and liabilities of the School will be transferred to Jefferson Parish Public School System.

As a result of discontinuing its operations, the School incurred additional liabilities and expenses related to closing. Total expenses in the Management and General Expenses on the Statement of Activities in Liquidation related to the closure of the School are estimated to be approximately \$18,077 for the year ended June 30, 2013. All such expenses were liabilities at year end and included in accrued expenses in the Statement of Financial Position in Liquidation.

**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***

Board of Directors
Jefferson Community Charter School
Harvey, 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 Jefferson Community Charter School (a nonprofit organization) (the “School”), which comprise the Statement of Financial Position in Liquidation as of June 30, 2013, and the related Statements of Activities in Liquidation for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’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 the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’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 School’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 the School'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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
December 9, 2013