

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.

AND SUBSIDIARIES

NEW ORLEANS, LOUISIANA

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of New Orleans Military and Maritime Academy, Inc. and Subsidiaries (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Orleans Military and Maritime Academy, Inc. and Subsidiaries as of June 30, 2021 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Schedules “1” through “2” is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head (Schedule “3”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022 on our consideration of New Orleans Military and Maritime Academy, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Orleans Military and Maritime Academy, Inc. and Subsidiaries' 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 Military and Maritime Academy, Inc. and Subsidiaries' internal control over financial reporting and compliance.

January 3, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

CURRENT ASSETS:

Unrestricted cash and cash equivalents	\$ 6,225,333
Grants receivable	1,005,527
Interest receivable	127,431
Investments	302,763
Prepaid expenses	<u>94,404</u>
 Total current assets	 <u>7,755,458</u>

PROPERTY AND EQUIPMENT, NET15,835,851**OTHER ASSETS:**

Deposits	<u>100</u>
 Total assets	 <u>\$ 23,591,409</u>

CURRENT LIABILITIES:

Accounts payable	\$ 218,014
Accrued salaries and benefits	797,169
Current portion of capital leases	184,297
Accrued interest payable	<u>19,296</u>
 Total current liabilities	 <u>1,218,776</u>

NON-CURRENT LIABILITIES:

Capital leases, net of current portion	80,037
Bonds payable, net of bond issuance costs	<u>10,671,655</u>
 Total non-current liabilities	 <u>10,751,692</u>

Total liabilities	<u>11,970,468</u>
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NET ASSETS:

Without donor restrictions	11,620,941
With donor restrictions	<u>-</u>
 Total net assets	 <u>11,620,941</u>
 Total liabilities and net assets	 <u>\$ 23,591,409</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "B"

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
State/local per pupil aid	\$ 11,258,466	\$ -	\$ 11,258,466
Federal funding	2,094,971	-	2,094,971
Grants and donations	70,772	-	70,772
Interest income	455,656	-	455,656
Forgiveness of debt	1,346,200	-	1,346,200
Other revenue	15,555	-	15,555
Net assets released from restrictions	-	-	-
Total revenue	15,241,620	-	15,241,620
<u>EXPENSES:</u>			
Program services:			
General instructional	6,149,646	-	6,149,646
General non-instructional	1,001,107	-	1,001,107
Special education	1,088,019	-	1,088,019
Special program	954,558	-	954,558
Total program services	9,193,330	-	9,193,330
Administration	3,473,090	-	3,473,090
Total expenses	12,666,420	-	12,666,420
Change in net assets	2,575,200	-	2,575,200
Net assets, beginning of year	9,045,741	-	9,045,741
Net assets, end of year	\$ 11,620,941	\$ -	\$ 11,620,941

See accompanying NOTES TO FINANCIAL STATEMENTS

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Total
	General Instructional	General Non-Instructional	Special Education	Special Programs	Administration	
Advertising, printing, and binding	\$ 9,151	\$ 22,068	\$ -	\$ -	\$ 420	\$ 31,639
Bad debt expense	-	-	-	-	175,000	175,000
Communications	16,680	4,545	-	221,143	8,576	250,944
Depreciation and amortization	-	471,137	-	-	332,401	803,538
Food service	-	42,301	-	-	-	42,301
Insurance	-	-	-	-	138,730	138,730
Interest	-	-	-	-	560,652	560,652
Materials and supplies	162,173	36,253	40,305	181,580	69,851	490,162
Miscellaneous	14,191	-	-	-	62,040	76,231
Other employee benefits	424,267	194	70,197	38,058	106,094	638,810
Other purchased professional services	-	2,884	-	-	409,361	412,245
Payroll taxes	446,685	5,139	58,971	34,551	89,801	635,147
Purchased educational services	97,841	-	109,928	-	-	207,769
Purchased technical services	-	-	-	-	25,891	25,891
Rentals	43,734	-	450	-	97,006	141,190
Repairs and maintenance	9,901	12,937	-	-	260,375	283,213
Retirement	-	235	10,527	10,986	19,935	41,683
Salaries	4,787,025	63,779	769,378	446,124	994,626	7,060,932
Student transportation	25,600	339,635	28,263	-	-	393,498
Travel	3,862	-	-	10,700	-	14,562
Tuition	108,536	-	-	11,416	-	119,952
Utilities	-	-	-	-	122,331	122,331
Total expenses	\$ 6,149,646	\$ 1,001,107	\$ 1,088,019	\$ 954,558	\$ 3,473,090	\$ 12,666,420

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:

Change in net assets	\$ 2,575,200
Adjustments to reconcile change in net assets from (used for) operating activities	
Depreciation	803,538
Amortization	24,534
Forgiveness of debt	(1,346,200)
Bad debt expense	175,000
Increase in grants receivable	(537,647)
Increase in interest receivable	(127,431)
Increase in prepaid expenses	(65,689)
Increase in other current assets	-
Decrease in deposits	65,000
Decrease in accounts payable	(3,443)
Increase in accrued salaries and benefits	298,996
Increase in accrued interest payable	<u>19,296</u>
Net cash from operating activities	<u>1,881,154</u>

CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:

Purchases of investments	(28)
Purchases of property and equipment	<u>(85,112)</u>
Net cash (used for) investing activities	<u>(85,140)</u>

CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:

Payments on capital leases	(152,993)
Payments on notes payable	<u>(529,992)</u>
Net cash (used for) financing activities	<u>(682,985)</u>
Net increase in cash and cash equivalents	1,113,029
Cash and cash equivalents, beginning of year	<u>5,112,304</u>
Cash and cash equivalents, end of year	<u>\$ 6,225,333</u>

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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

Nature of Activities

New Orleans Military and Maritime Academy, Inc. and Subsidiaries (NOMMA) was created as a non-profit organization under the laws of the State of Louisiana. NOMMA applied to the Louisiana Board of Elementary and Secondary Education (BESE) to operate a Type 2 charter school. On May 20, 2011, BESE approved the charter. NOMMA serves eligible students in eighth through twelfth grade. On July 1, 2016, NOMMA's charter was approved for an additional ten years ending on June 30, 2026.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of NOMMA and its 100% wholly-owned subsidiaries NOMMA Master Tenant, LLC, NOMMA Investments, Inc., NOMMA Real Estate, LLC and DV-NOMMA QEI, LLC. All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements of NOMMA have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

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

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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

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 NOMMA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

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

Cash and Cash Equivalents

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

Grants and Other Receivables

All receivables are reported at the amount management expects to collect from outstanding balances. All receivables are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are recorded at fair value. Unrealized and realized gains and losses on investments, dividends, interest, and other investment income are recorded as revenues without restrictions in the accompanying consolidated statement of activities. A decline in the fair value of investments below cost that is deemed to be other than temporary, results in a charge to change in net assets and the establishment of a new basis for the investment.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

No Level 2 or Level 3 inputs were used by NOMMA.

Property and Equipment

Property and equipment with a value equal to or greater than \$5,000 is capitalized at cost or estimated fair value if donated. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Depreciation of assets is provided on the straight-line basis over periods ranging from 3 to 40 years. Normal building maintenance and minor equipment purchases are included as expenses of NOMMA.

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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

Bond Issuance Costs

Bond issuance costs (“costs”) associated with the Qualified School Construction Bonds and Qualified Zone Academy Bonds issued by the Louisiana Community Development Authority are carried at net cost, reduce the face value of the accompanying bonds on the statement of financial position and are being amortized over the life of the accompanying bonds. At June 30, 2021, the costs had a gross value of \$539,215 with accumulated amortization of \$210,870. For the year ended June 30, 2021, amortization expense on the costs was \$24,534 and is included in interest expense on the statement of activities. Estimated yearly amortization expense for each of the next five years is \$24,534 with \$205,675 to be amortized in the years thereafter

Paid Time Off and Accrued Salaries

NOMMA’s staff is eligible to earn paid time off in addition to school holidays and break periods. At June 30, 2021, NOMMA’s liability for paid time off was \$0. As of June 30, 2021, NOMMA has accrued \$633,260 for employee salaries and related benefits earned as of that date.

Revenue Recognition

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

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

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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

Functional Expenses

The costs of providing the various programs and other activities of NOMMA have been summarized on a functional basis in the consolidated statement of activities. Directly identifiable expenses are charged to programs and administration. Expenses related to more than one function are charged to programs and administration on the basis of periodic time and expense studies.

Income Taxes

NOMMA is operating under Section 501(c) (3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. NOMMA Master Tenant, LLC, NOMMA Real Estate, LLC and DV-NOMMA QEI, LLC are limited liability companies and disregarded for income tax purposes. NOMMA Investments, Inc. has no taxable income. Accordingly, no provision for income taxes is included in the financial statements. As of June 30, 2021, NOMMA believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2018, and later remain subject to examination by the taxing authorities.

New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." The ASU and all subsequently issued clarifying ASUs superseded the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. NOMMA has adjusted the presentation of these statements accordingly. The adoption had no material impact on NOMMA's financial statements.

Date of Management Review

Subsequent events have been evaluated through January 3, 2022, which is the date the financial statements were available to be issued.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

(2) STATEMENT OF CASH FLOWS SUPPLEMENTARY DISCLOSURES

Supplemental disclosures of cash flow information at June 30, 2021:

Cash paid during the year for interest totaled \$516,822.

Noncash investing and financing activities

During the year ended June 30, 2021, NOMMA had noncash investing and financing transactions related to capital leases for computer equipment in the amount of \$522,123.

During the year ended June 30, 2021, NOMMA incurred accounts payable for construction in progress totaling \$118,774.

(3) LIQUIDITY AND AVAILABILITY OF RESOURCES

At June 30, 2021, NOMMA has financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditures consisting of the following:

Financial assets at year-end	\$ 7,661,054
Less those unavailable for general expenditure within one year due to:	
Restricted cash	(103,398)
Debt service	<u>(647,397)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 6,910,259</u>

NOMMA’s objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. NOMMA regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources NOMMA has available. In addition, NOMMA operates with a budget to monitor sources and uses of funds throughout the year.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

(4) CASH AND CASH EQUIVALENTS

NOMMA at times maintains cash in bank accounts in excess of insured limits. NOMMA has not experienced any losses and does not believe that significant credit risk exists because of this practice as all NOMMA's cash is fully collateralized.

(5) GRANTS RECEIVABLE

Grants receivable at June 30, 2021 consist of the following:

Due from State of Louisiana	\$	905,527
Due from private sources		<u>100,000</u>
	\$	<u>1,005,527</u>

(6) INVESTMENTS

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1) and include mutual funds valued at \$302,763 at June 30, 2021.

(7) PROPERTY AND EQUIPMENT

At June 30, 2021, property and equipment consists of the following:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Building and improvements	\$ 18,954,113	\$ 85,112	\$ -	\$ 19,039,225
Machinery and equipment	340,448	522,123	-	862,571
Leasehold improvements	225,014	77,729	-	302,743
Construction in progress	77,729	118,774	(77,729)	118,774
Less: accumulated depreciation	<u>(3,579,128)</u>	<u>(908,334)</u>	<u>-</u>	<u>(4,487,462)</u>
	<u>\$ 16,018,176</u>	<u>\$ (104,596)</u>	<u>\$ (77,729)</u>	<u>\$ 15,835,851</u>

For the year ended June 30, 2021, depreciation expense was \$803,538. Depreciation is calculated using the straight-line method with useful lives of 3 to 40 years.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

(8) NOTES PAYABLE

On April 23, 2015 the School obtained a fixed rate revolving line of credit (the loan) in the amount of \$700,000 at 4.75% maturing April 23, 2021. Effective May 23, 2015, the loan converted to a term note with 59 monthly payments of \$5,471 and a final payment of \$525,421 on April 23, 2021. This loan was paid off during the year ended June 30, 2021. Interest expense on the loan for the year ended June 30, 2021 was \$20,979.

On April 16, 2020, NOMMA received a \$1,346,200 loan under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA). Interest on the loan is 1%. The loan required monthly payments of \$75,382 beginning ten months after the end of the covered period (October 17, 2020). During the year ended June 30, 2021, all expenditures paid from the loan proceeds were approved for loan forgiveness under the requirements of the PPP.

(9) BONDS PAYABLE

The Louisiana Local Government Environmental Facilities and Community Development Authority ("LCDA") issued \$3,000,000 of its Revenue Bonds as Qualified School Construction Bonds (Series 2012A Bonds) and \$8,000,000 of its Revenue Bonds as Qualified Zone Academy Bonds (Series 2012B Bonds) upon the request of New Orleans Military and Maritime Academy with the proceeds of the sale to be loaned to NOMMA for the purpose of financing the construction of the charter school campus located at 425 O'Bannon Street New Orleans, Louisiana on the Federal City Campus.

Under the terms of the loan and assignment agreement between LCDA and NOMMA, the loan was effective upon the closing of the Bonds and shall terminate on the date on which the Bonds have been paid.

NOMMA is responsible for making all interest and principal payments to the trustee as per the bond schedule, with a maturity date of October 31, 2034. The interest rate is 4.21% plus a supplemental coupon during construction at 2.93%. 90% of the interest on the bonds is subsidized by the United States Treasury.

On October 31, 2012, Whitney Bank as bond trustee transferred the proceeds to NOMMA. The proceeds, as well as \$3,600,000 of loan proceeds obtained from the New Orleans Federal Alliance (the NOFA loan) were used to invest in QEI, LLC for the purpose of financing the construction of the charter school campus located at 425 O'Bannon Street New Orleans, Louisiana on the Federal City Campus.

As of June 30, 2015, the NOFA loan had been completely paid off.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

(9) BONDS PAYABLE (CONTINUED)

For the year ended June 30, 2021, interest expense on the bonds was \$463,100.

A summary of bonds payable at June 30, 2021 follows:

Bonds payable	\$ 11,000,000
Less: unamortized debt issuance costs	<u>(328,345)</u>
	<u>\$ 10,671,655</u>

Estimated scheduled debt service payments, including interest, on the 2012A and 2012B Bonds are as follows:

Year ending June 30th	Principal	Interest	Total
2022	\$ -	\$ 463,100	\$ 463,100
2023	-	463,100	463,100
2024	-	463,100	463,100
2025	-	463,100	463,100
2026	-	463,100	463,100
2027 - 2031	-	2,315,500	2,315,500
2032 - 2035	<u>11,000,000</u>	<u>1,543,667</u>	<u>12,543,667</u>
	<u>\$ 11,000,000</u>	<u>\$ 6,174,667</u>	<u>\$ 17,174,667</u>

(10) GRANT PROGRAM CONTINGENCIES

NOMMA participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that NOMMA has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2021 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and NOMMA.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

(11) ECONOMIC DEPENDENCY

NOMMA receives the majority of its revenue from the State of Louisiana Minimum Foundation Program (MFP). MFP funding for the year ended June 30, 2021 totaled \$11,258,466. Funding from various federal grants passed through the State of Louisiana and totaled \$2,094,971 for the year ended June 30, 2021. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds NOMMA receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds NOMMA will receive in fiscal year 2021.

(12) RETIREMENT PLAN

NOMMA has a defined contribution 401(k) plan. All regular employees who are 21 years of age or older are eligible to participate upon their hire date. 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. NOMMA will make a matching contribution equal to 100% of the first 3% of participants' elective deferrals and 50% of the next 2%. All employees are immediately vested in their contributions. There is a 3-year vesting period for employer profit-sharing contributions. There were no employer profit-sharing contributions for the year ended June 30, 2021. For the year ended June 30, 2021, NOMMA recorded retirement contributions in the amount of \$41,683.

(13) CAPITAL LEASE COMMITMENTS

NOMMA has entered into various capital leases for computer equipment. All leases are non-interest bearing. The assets and liabilities under capital leases are recorded at the lesser of the present value of the minimum lease payments or the fair market value of the property received. The assets are being amortized over their estimated useful lives of three years. Amortization of assets under capital leases is included in depreciation expense for the year ended June 30, 2021. Following is a summary of capital leases:

Computer equipment	\$ 522,124
Accumulated amortization	<u>(278,839)</u>
	<u>\$ 243,285</u>

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

(13) CAPITAL LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments under the terms of the leases as of June 30, 2021 are as follows:

2022	\$ 202,015
2023	<u>84,093</u>
Net minimum lease payments	286,108
Amounts representing interest	<u>(21,774)</u>
Present value of net minimum lease payments	<u>\$ 264,334</u>

(14) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “*Leases*.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. The FASB has delayed the effective date of this Update several times, most recently through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. NOMMA plans to adopt this Update as applicable by the effective date.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, “*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.” This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP’s programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. NOMMA plans to adopt this Update as applicable by the effective date.

SUPPLEMENTARY INFORMATION

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

	NOMMA	NOMMA Investments	NOMMA Master Tenant	NOMMA Real Estate	DV - NOMMA QEI	Eliminating Entries	Totals
<u>CURRENT ASSETS:</u>							
Unrestricted cash and cash equivalents	\$ 5,779,903	\$ 100	\$ -	\$ 445,330	\$ -	\$ -	\$ 6,225,333
Grants receivable	1,005,527	-	-	-	-	-	1,005,527
Due from related party	197,799	-	534,236	714,760	116,807	(1,563,602)	-
Interest receivable	244,218	-	-	-	-	(116,787)	127,431
Investments	302,763	-	-	-	-	-	302,763
Prepaid expenses	94,404	-	-	-	-	-	94,404
Total current assets	7,624,614	100	534,236	1,160,090	116,807	(1,680,389)	7,755,458
<u>PROPERTY AND EQUIPMENT, NET</u>							
	960,907	-	-	14,874,944	-	-	15,835,851
<u>OTHER ASSETS:</u>							
Investment in subsidiary (at cost)	2,403,752	3,055,352	92,224	-	-	(5,551,328)	-
Deposits	-	-	-	100	-	-	100
Note receivable - related party	13,158,965	-	1,473,417	-	17,521,000	(32,153,382)	-
Prepaid land lease	-	-	-	1,083,851	-	(1,083,851)	-
Total other assets	15,562,717	3,055,352	1,565,641	1,083,951	17,521,000	(38,788,561)	100
Total assets	\$ 24,148,238	\$ 3,055,452	\$ 2,099,877	\$ 17,118,985	\$ 17,637,807	\$ (40,468,950)	\$ 23,591,409
<u>CURRENT LIABILITIES:</u>							
Accounts payable	\$ 388,063	\$ -	\$ -	\$ -	\$ -	\$ (170,049)	\$ 218,014
Due to related party	372,319	5,723	626,259	387,648	118,095	(1,510,044)	-
Accrued salaries and benefits	797,169	-	-	-	-	-	797,169
Current portion of capital leases	184,297	-	-	-	-	-	184,297
Accrued interest payable	19,296	-	-	-	-	-	19,296
Total current liabilities	1,761,144	5,723	626,259	387,648	118,095	(1,680,093)	1,218,776
<u>NON-CURRENT LIABILITIES:</u>							
Capital leases, net of current portion	80,037	-	-	-	-	-	80,037
Bonds payable, net of bond issuance costs	10,671,655	-	-	-	-	-	10,671,655
Note payable - related party	1,471,557	-	-	17,052,257	13,158,965	(31,682,779)	-
Total noncurrent liabilities	12,223,249	-	-	17,052,257	13,158,965	(31,682,779)	10,751,692
Total liabilities	13,984,393	5,723	626,259	17,439,905	13,277,060	(33,362,872)	11,970,468
<u>NET ASSETS:</u>							
Without donor restrictions	10,163,845	3,049,729	1,473,618	(320,920)	4,360,747	(7,106,078)	11,620,941
With donor restrictions	-	-	-	-	-	-	-
Total net assets	10,163,845	3,049,729	1,473,618	(320,920)	4,360,747	(7,106,078)	11,620,941
Total liabilities and net assets	\$ 24,148,238	\$ 3,055,452	\$ 2,099,877	\$ 17,118,985	\$ 17,637,807	\$ (40,468,950)	\$ 23,591,409

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	NOMMA	NOMMA Investments	NOMMA Master Tenant	NOMMA Real Estate	DV - NOMMA QEI	Eliminating Entries	Total
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>							
<u>REVENUE:</u>							
State/local per pupil aid	\$ 11,258,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,258,466
Federal funding	2,094,971	-	-	-	-	-	2,094,971
Grants and donations	70,772	-	-	-	-	-	70,772
Interest income	455,292	-	-	364	-	-	455,656
Forgiveness of debt	1,346,200	-	-	-	-	-	1,346,200
Other revenue	15,555	-	-	-	-	-	15,555
Net assets released from restrictions	-	-	-	-	-	-	-
Total revenues	15,241,256	-	-	364	-	-	15,241,620
<u>EXPENSES:</u>							
Program services:							
General instructional	6,149,646	-	-	-	-	-	6,149,646
General non-instructional	529,970	-	-	471,137	-	-	1,001,107
Special education	1,088,019	-	-	-	-	-	1,088,019
Special program	954,558	-	-	-	-	-	954,558
Total program services	8,722,193	-	-	471,137	-	-	9,193,330
Administration	3,460,073	5,723	994	5,000	1,300	-	3,473,090
Total expenses	12,182,266	5,723	994	476,137	1,300	-	12,666,420
Change in net assets	3,058,990	(5,723)	(994)	(475,773)	(1,300)	-	2,575,200
Net assets, beginning of year	7,104,855	3,055,452	1,474,612	154,853	4,362,047	(7,106,078)	9,045,741
Net assets, end of year	\$ 10,163,845	\$ 3,049,729	\$ 1,473,618	\$ (320,920)	\$ 4,360,747	\$ (7,106,078)	\$ 11,620,941

(See Independent Auditors' Report)

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

	Colonel Christopher J. Schlafer, USMC (Retired)	
	06/30/20 through 06/30/21	
Time served		
Salary		\$ 140,000
Stipends		28,000
Total compensation, benefits, and other payments		\$ 168,000

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



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

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
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 consolidated financial statements of New Orleans Military and Maritime Academy, Inc. and Subsidiaries (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered New Orleans Military and Maritime Academy, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Orleans Military and Maritime Academy, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of New Orleans Military and Maritime Academy, Inc. and Subsidiaries' 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.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

Compliance and Other Matters

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

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 New Orleans Military and Maritime Academy, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Orleans Military and Maritime Academy, Inc. and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

January 3, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited New Orleans Military and Maritime Academy, Inc. and Subsidiaries' 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 Military and Maritime Academy, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2021. New Orleans Military and Maritime Academy, Inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of New Orleans Military and Maritime Academy, Inc. and Subsidiaries' 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 Military and Maritime Academy, Inc. and Subsidiaries' 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 Military and Maritime Academy, Inc. and Subsidiaries' compliance.



To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

Opinion on Each Major Federal Program

In our opinion, New Orleans Military and Maritime Academy, Inc. and Subsidiaries 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, 2021.

Report on Internal Control Over Compliance

Management of New Orleans Military and Maritime Academy, Inc. and Subsidiaries 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 Military and Maritime Academy, Inc. and Subsidiaries' 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 Military and Maritime Academy, Inc. and Subsidiaries' 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.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

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

January 3, 2022
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 411,581
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	<u>\$ 268,122</u>
Total Special Education Cluster		268,122
Career and Technical Education - Basic Grants to States	84.048	15,801
Improving Teacher Quality State Grants	84.367	59,463
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	467,638
COVID-19 Governor's Emergency Education Relief Fund	84.425C	39,479
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	<u>274,144</u>
Total Education Stabilization Fund		<u>781,261</u>
Total U.S. Department of Education		<u>1,536,228</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
National School Lunch Program	10.555	<u>51,388</u>
Total Child Nutrition Cluster		<u>51,388</u>
Total U.S. Department of Agriculture		<u>51,388</u>
<u>Federal Communications Commission</u>		
COVID-19 Emergency Connectivity Fund Program	32.009	<u>120,000</u>
Total Federal Communications Commission		<u>120,000</u>
Total expenditures of federal awards		<u>\$ 1,707,616</u>

(See Independent Auditors' Report)

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

All federal grant operations of New Orleans Military and Maritime Academy, Inc. and Subsidiaries are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Education Stabilization Fund (AL Nos. 84.425C, 84.425D, and 84.425U)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2021.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when New Orleans Military and Maritime Academy, Inc. and Subsidiaries has met the qualifications for the respective grants.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2021.

NOTE 4 – INDIRECT COST RATE

New Orleans Military and Maritime Academy, Inc. and Subsidiaries has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of New Orleans Military and Maritime Academy, Inc. and Subsidiaries.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for New Orleans Military and Maritime Academy, Inc. and Subsidiaries expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major program were the Education Stabilization Fund (AL Nos 84.425C, 84.425D, and 84.425U).
8. The threshold for distinguishing Types A programs was \$750,000.
9. New Orleans Military and Maritime Academy, Inc. and Subsidiaries and was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2021.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the consolidated financial statements for the year ended June 30, 2021.

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

There were no findings related to major federal awards programs for the year ended June 30, 2021.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FINANCIAL STATEMENTS**

Not applicable

**II. INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FEDERAL AWARDS**

Not applicable

III. MANAGEMENT LETTER

Not applicable

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



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of New Orleans Military and Maritime Academy, Inc. and Subsidiaries for the fiscal year ended June 30, 2021. Management of New Orleans Military and Maritime Academy, Inc. and Subsidiaries is responsible for its performance and statistical data.

New Orleans Military and Maritime Academy, Inc. and Subsidiaries has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose 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. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

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

Exceptions: None



To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

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.

Exceptions: None

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.

Exceptions: None

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Exceptions: None

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

We are required to be independent of New Orleans Military and Maritime Academy, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of
New Orleans Military and Maritime Academy, Inc. and Subsidiaries
New Orleans, Louisiana

This report is intended solely to describe the scope and results of testing performed on the performance and statistical data accompanying the annual financial statements of New Orleans Military and Maritime Academy, Inc. and Subsidiaries, as required by Louisiana Revised Statute 24:514.I, and for the information and use of New Orleans Military and Maritime Academy, Inc. and Subsidiaries, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

January 3, 2022
New Orleans, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	Column A	Column B
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 3,796,837	
Other instructional staff salaries	469,682	
Instructional staff employee benefits	784,665	
Purchased professional and technical services	37,396	
Instructional materials and supplies	158,613	
Total teacher and students interaction activities		\$ 5,247,193
Other instructional activities		157,999
Pupil support services	562,245	
Less: Equipment for pupil support services	-	
Net pupil support services		562,245
Instructional staff services	517,821	
Less: Equipment for instructional staff services	-	
Net instructional staff services		517,821
School administration	1,268,455	
Less: equipment for school administration	-	
Net school administration		1,268,455
Total general fund instructional expenditures (total of column B)		\$ 7,753,713
Total General fund equipment expenditures		\$ -
<u>CERTAIN LOCAL REVENUE SOURCES</u>		
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		\$ -

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC. AND SUBSIDIARIES
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2021
AS OF OCTOBER 1, 2020

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary		-		-		-		-
Elementary/Activity Classes		-		-		-		-
Middle/Jr. High		-		-		-		-
Middle/Jr. High Activity Classes		-		-		-		-
High	40%	171	59%	250	1%	3		-
High Activity Classes	53%	16	37%	11	10%	3		-
Combination		-		-		-		-
Combination Activity Classes		-		-		-		-

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