

*Consolidated Financial Report*

*New Orleans Military and  
Maritime Academy, Inc. and Subsidiary*

*June 30, 2022*



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June 30, 2022

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of New Orleans Military and Maritime Academy, Inc. and Subsidiary (NOMMA) (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2022, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Orleans Military and Maritime Academy, Inc. and Subsidiary as of June 30, 2022, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NOMMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NOMMA's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NOMMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NOMMA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedule 1 is required by Louisiana Revised Statute 24:513(a)(3). Such information in the supplemental schedules 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 17, 2022 on our consideration of NOMMA's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, 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 the effectiveness on the 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 NOMMA's internal control over financial reporting and compliance.



Certified Public Accountants.

New Orleans, Louisiana,  
November 17, 2022.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

June 30, 2022

**CURRENT ASSETS**

Cash and cash equivalents	\$ 6,807,649
Grants receivable	2,227,362
Interest receivable	18,880
Investments	302,898
Prepaid expenses	<u>65,865</u>

Total current assets	<u>9,422,654</u>
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**PROPERTY AND EQUIPMENT, net**

<u>15,158,328</u>
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Total assets	<u><u>\$ 24,580,982</u></u>
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**CURRENT LIABILITIES**

Accounts payable	\$ 318,737
Accrued salaries and benefits	834,080
Accrued interest payable	19,296
Current portion of capital lease commitments	<u>80,036</u>

Total current liabilities	<u>1,252,149</u>
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**NON CURRENT LIABILITIES**

Bonds payable, net of bond issuance costs	<u>10,696,190</u>
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Total liabilities	<u>11,948,339</u>
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**NET ASSETS**

Without donor restrictions	<u>12,632,643</u>
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Total liabilities and net assets	<u><u>\$ 24,580,982</u></u>
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See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF ACTIVITIES****New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Revenues and Other Support</b>			
State/local Minimum Foundation Program	\$11,297,355	\$ -	\$11,297,355
Federal grants	3,061,167	-	3,061,167
Other federal funding	396,542	-	396,542
Grants and donations	106,097	-	106,097
Interest income	439,757	-	439,757
Other revenue	128,436	-	128,436
	<u>15,429,354</u>	<u>-</u>	<u>15,429,354</u>
<b>Expenses</b>			
General instructional	5,523,993	-	5,523,993
General non-instructional	2,999,346	-	2,999,346
Special education	596,962	-	596,962
Special program	691,687	-	691,687
	<u>9,811,988</u>	<u>-</u>	<u>9,811,988</u>
Total program services	<u>9,811,988</u>	<u>-</u>	<u>9,811,988</u>
Administration	<u>4,605,664</u>	<u>-</u>	<u>4,605,664</u>
Total expenses	<u>14,417,652</u>	<u>-</u>	<u>14,417,652</u>
Change in net assets	1,011,702	-	1,011,702
<b>Net Assets</b>			
Beginning of year	<u>11,620,941</u>	<u>-</u>	<u>11,620,941</u>
End of year	<u><u>\$12,632,643</u></u>	<u><u>\$ -</u></u>	<u><u>\$12,632,643</u></u>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES****New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

	<u>General Instructional</u>	<u>General Non-Instructional</u>	<u>Special Education</u>	<u>Special Programs</u>	<u>Administrative</u>	<u>Total Expenses</u>
Advertising, printing, and binding	\$ 5,876	\$ 31,377	\$ -	\$ -	\$ -	\$ 37,253
Amortization	-	-	-	-	24,534	24,534
Communications	33,864	25,487	5,281	49,252	52,448	166,332
Depreciation	-	471,135	-	-	348,415	819,550
Food service	-	378,290	-	-	-	378,290
Insurance	-	-	-	-	209,985	209,985
Interest	-	-	-	-	480,819	480,819
Materials and supplies	19,597	253,128	23,005	25,562	124,797	446,089
Miscellaneous	-	27,581	-	-	12,159	39,740
Other employee benefits	420,854	41,444	38,515	25,750	148,784	675,347
Other purchased professional services	-	1,573	-	-	364,026	365,599
Payroll taxes	302,260	48,469	27,654	34,971	133,339	546,693
Purchased educational services	143,182	76,064	-	86,391	884	306,521
Purchased technical services	-	29,172	-	-	124,022	153,194
Rentals	86,583	-	15,190	-	112,055	213,828
Repairs and maintenance	243	17,489	-	-	502,742	520,474
Retirement	108,139	9,590	5,553	5,645	58,105	187,032
Salaries	4,053,679	684,221	362,697	461,516	1,768,739	7,330,852
Student transportation	-	858,258	115,325	-	-	973,583
Travel	31,794	46,068	1,640	2,600	-	82,102
Tuition	317,922	-	2,102	-	-	320,024
Utilities	-	-	-	-	139,811	139,811
	<u>\$ 5,523,993</u>	<u>\$ 2,999,346</u>	<u>\$ 596,962</u>	<u>\$ 691,687</u>	<u>\$ 4,605,664</u>	<u>\$ 14,417,652</u>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS****New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

**Cash Flows From Operating Activities**

Change in net assets	\$ 1,011,702
Adjustments to reconcile change in net assets to net cash provided by operating activities to net cash:	
Depreciation	819,550
Amortization	24,534
Donated investments	(97,483)
Unrealized and realized gain on investment	(864)
(Increase) decrease in assets:	
Grants receivable	(1,221,835)
Interest receivable	108,551
Prepaid expenses	28,639
Increase (decrease) in liabilities:	
Accounts payable	100,723
Accrued salaries and benefits	36,911
	<u>810,428</u>
Net cash provided by operating activities	<u>810,428</u>

**Cash Flows From Investing Activities**

Proceeds from sale of investment	98,212
Purchases of property and equipment	<u>(142,026)</u>
Net cash used in investing activities	<u>(43,814)</u>

**Cash Flows From Financing Activities**

Payments on capital leases	<u>(184,298)</u>
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**Net Increase in Cash**

582,316

**Cash**

Beginning of year	<u>6,225,333</u>
End of year	<u>\$ 6,807,649</u>

**Supplementary Disclosure of Cash Flow Information**

Cash paid during the year for interest	<u>\$ 480,819</u>
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See notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

June 30, 2022

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Organization**

New Orleans Military and Maritime Academy, Inc. and Subsidiary (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.

**b. Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of NOMMA and its 100% wholly owned subsidiary, NOMMA Real Estate, LLC. All significant intercompany accounts and transactions have been eliminated.

**c. Basis of Accounting**

The consolidated financial statements of NOMMA have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

**d. Financial Statement Presentation**

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**d. Financial Statement Presentation (Continued)**

**Net Assets Without Donor Restrictions** - Support, revenue, and expenses for general operations.

**Net Assets With Donor Restrictions** - Contributions and grants specifically authorized by the donor or grantor to be used for certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are to be held in perpetuity by NOMMA. There are no net assets with donor restrictions as of June 30, 2022.

**e. Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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.

**f. Cash and Cash Equivalents**

NOMMA classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

**g. Restricted Cash**

During the year ended June 30, 2022, NOMMA restricted \$215,219, which is required by the terms of the bond payable (See Note 8).

**h. Grants Receivable and Other Receivables**

All receivables are stated at the amount management expects to collect from outstanding balances. The consolidating financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are fully collectible.

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**i. 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.

**j. Property and Equipment**

Property and equipment are capitalized at cost and updated for additions and retirements during the year. The net carrying amount is considered the net realized value. Donated property and equipment are recorded at fair market value as of the date received. NOMMA maintains a capitalization threshold of \$5,000 for furniture and equipment and \$50,000 for site improvements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All reported property and equipment are depreciated using the straight-line method over three to forty years.

**k. 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. As of June 30, 2022, the costs had a gross value of \$539,215 with accumulated amortization of \$235,405. For the year ended June 30, 2022, amortization expense on the costs was \$24,534. Estimated yearly amortization expense for each of the next five years is \$24,534 with \$181,140 to be amortized in the years thereafter.

**l. Compensated Absences and Accrued Salaries**

NOMMA's staff is eligible to earn paid time off in addition to school holidays and break periods. Staff are allowed a maximum of 80 hours of sick and personal days per year. Staff are not allowed to carryover sick or personal days to the following year. As of June 30, 2022, NOMMA's liability for paid time off was \$5,310. As of June 30, 2022, NOMMA has accrued \$834,080 for employee salaries and related benefits earned as of that date.

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**m. Revenue Recognition**

Donations received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

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 earned under the terms of the grant.

NOMMA's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. For the year ended June 30, 2022, NOMMA received \$11,297,355. MFP revenue accounts for 73% of NOMMA's total revenue for the year ended June 30, 2022.

Donations of noncash assets are recorded at their fair values in the period received. Donations of 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. There were no donations of non-cash assets for the year ended June 30, 2022.

**n. Functional Allocation of Expenses**

As required under the FASB Accounting Standards Update (ASU) No. 2016-14, "*Not-for-Profit Entities*" (Topic 958), NOMMA has presented a consolidated statement of functional expense as part of its audited consolidated financial statements. Directly identifiable expenses are charged to program and administration. Expenses related to more than one function are charged to program and administration based on periodic time and expense studies. Payroll related costs are allocated basis on time and effort.

**o. Tax Matter**

NOMMA has received a tax-exempt ruling under Section 501(c)(3) from the Internal Revenue Code and, accordingly, is not subject to Federal income tax unless NOMMA has unrelated trade or business income. NOMMA Real Estate, LLC is a limited liability company and disregarded for income tax purposes. Accordingly, no provision for income taxes is included in the consolidated financial statements.

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**o. Tax Matter (Continued)**

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2022, management of NOMMA believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended June 30, 2019, and later remain subject to examination by the taxing authorities.

**p. New Accounting Pronouncements**

**Leases**

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Consolidated Statement of Financial Position upon the commencement of all leases except short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Consolidated Statement of Activities and the Consolidated Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. NOMMA is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

**Lease Discount Rate**

In November 2021, the FASB issued ASU No. 2021-09, "*Leases*" (Topic 842) "*Lease Discount Rate for Leases That Are Not Public Business Entities*" currently provides leases that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee uses that rate (rather than the risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 are required to adopt the amendments in this update at the same time that they adopt Topic

**Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**p. New Accounting Pronouncements (Continued)**

**Lease Discount Rate (Continued)**

842. NOMMA is currently evaluating the full effect that the adoption of this standard will have on its consolidated financial statements.

**Contributed Nonfinancial Assets**

In September 2020, the FASB issued ASU No. 2020-07, "*Not-for-Profit Entities*" (Topic 958) "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.*" The amendments in this update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the consolidated financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for fiscal years beginning after June 15, 2022. NOMMA is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

**q. Subsequent Events**

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through November 17, 2022, which is the date the consolidated financial statements were available to be issued.

**Note 2 - CONCENTRATIONS OF CREDIT RISK**

NOMMA maintains its cash balances with several financial institutions where the balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2022, cash deposits in excess of the Federal Deposit Insurance Corporation limit of approximately \$6,449,000 was exposed to custodial credit risk and were fully collateralized with securities held by the pledging financial institution's trust department or agent.

**Note 3 - GRANTS RECEIVABLE**

Grants receivables are comprised of the following as of June 30, 2022:

Title I	\$ 224,887
IDEA	55,925
Charter School Program	119,435
High Cost Funds (HCF)	33,315
Elementary and Secondary School Emergency Relief (ESSER)	1,617,099
Federal Emergency Management Administration (FEMA)	<u>176,701</u>
Total	<u><u>\$2,227,362</u></u>

**Note 4 - INVESTMENTS**

Investments held as of June 30, 2022 are comprised of the following:

Mutual fund	<u>\$302,898</u>
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Investment income for the year ended June 30, 2022 is included in other income on the Consolidated Statement of Activities and is summarized as follows:

Realized gain	\$ 729
Unrealized gain	<u>135</u>
Total	<u><u>\$ 864</u></u>

**Note 5 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3) The three levels of the fair value hierarchy under FASB ASC Topic 820, "Fair Value Measurements", are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that NOMMA has the ability to access.

**Note 5 - FAIR VALUE MEASUREMENTS (Continued)**

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while NOMMA believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 5 - FAIR VALUE MEASUREMENTS (Continued)**

Assets measured at fair value on a recurring basis as of June 30, 2022 are comprised of and determined as follows:

<u>Description</u>	2022			
	Based on			
	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	<u>\$302,898</u>	<u>\$302,898</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2022, there were no assets measured at fair value on a non-recurring basis.

**Note 6 - PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2022 consists of the following:

Building and improvements	\$ 19,300,026
Machinery and equipment	862,571
Leasehold improvements	302,743
Less: accumulated depreciation	<u>(5,307,012)</u>
Total	<u>\$ 15,158,328</u>

Depreciation expense for the year ended June 30, 2022 totaled \$819,550.

**Note 7 - CAPITAL LEASE COMMITMENTS**

NOMMA has entered into various capital leases for computer equipment. The leases call for monthly payments of principal and interest of \$3,044, \$4,218, and \$9,573 and the interest rate on the leases is approximately 10%. 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 depreciated over their estimated useful lives of three years. Depreciation of assets under capital leases is included in depreciation expense for the year ended June 30, 2022. The net book values of assets acquired through a capital lease as of June 30, 2022 is as follows:

Computer equipment	\$522,124
Accumulated amortization	<u>(452,863)</u>
Total	<u>\$ 69,261</u>

**Note 7 - CAPITAL LEASE COMMITMENTS (Continued)**

Future minimum lease payments under the terms of the leases as of June 30, 2022 are as follows:

Total minimum lease payments -	
2023	\$ 84,092
Amounts representing interest	<u>(4,056)</u>
Present value of net	
minimum lease payments	<u>\$ 80,036</u>

Interest expense on the capital lease totaled \$17,719 for the year ended June 30, 2022.

**Note 8 - 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 NOMMA 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 Series 2012A Bonds and Series 2012B Bonds and shall terminate on the date on which the bonds have been paid in full.

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%. Approximately, 90% of the interest on the bonds is subsidized by the United States Treasury resulting in interest income of \$416,790 for the year ended June 30, 2022.

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.

Interest expense on the bonds totaled \$463,100 for the year ended June 30, 2022.

**Note 8 - BONDS PAYABLE (Continued)**

A summary of bonds payable at June 30, 2022 follows:

Bonds payable	\$ 11,000,000
Less: unamortized debt issuance costs	<u>(303,810)</u>
Total	<u>\$ 10,696,190</u>

Estimated scheduled debt service payments as of June 30, 2022, including interest, on the 2012A and 2012B Bonds are as follows:

Year ending June 30	Principal	Interest	Totals
2023	\$ -	\$ 463,100	\$ 463,100
2024	-	463,100	463,100
2025	-	463,100	463,100
2026	-	463,100	463,100
2027	-	463,100	463,100
Thereafter	<u>11,000,000</u>	<u>3,241,700</u>	<u>14,241,700</u>
Totals	<u>\$ 11,000,000</u>	<u>\$ 5,557,200</u>	<u>\$ 16,557,200</u>

**Note 9 - 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 funds received and the collectability of any related receivable as of June 30, 2022 could 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.

**Note 10 - 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, 2022 totaled \$11,297,355. Funding from various federal grants passed through the State of Louisiana and totaled \$3,457,709 for the year ended June 30, 2022. 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 2023.

**Note 11 - 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 and/or post-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, 2022. For the year ended June 30, 2022, NOMMA recorded retirement contributions in the amount of \$187,034.

**Note 12 - AVAILABILITY OF FINANCIAL ASSETS**

NOMMA is substantially supported by grants on an unrestricted and restricted basis. Because a grantor's restriction requires resources to be used in a particular manner or in a future period, NOMMA must maintain sufficient resources to meet those responsibilities to its grantors. Thus, financial assets may not be available for general expenditure within one year. As part of NOMMA's liquidity management, management established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Management established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

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.

**Note 12 - AVAILABILITY OF FINANCIAL ASSETS (Continued)**

As of June 30, 2022, 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:	
Cash	\$6,807,649
Grants receivable	2,227,362
Interest receivable	18,880
Investments	<u>302,898</u>
Total financial assets	9,356,789
Less amounts unavailable for general expenditure within one year due to:	
Restricted cash	<u>(215,219)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$9,141,570</u>

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

**Agency Head Name:** Colonel Christopher J. Schlafer, USMC (Retired)

**Purpose**

Salary	\$155,000
Benefits - insurance	134
Benefits - retirement	6,343
Deferred compensation	0
Workers compensation	517
Benefits - life insurance	0
Benefits - long term disability	0
Benefits - FICA and Medicare	12,218
Car allowance	0
Vehicle provided by government	0
Cell phone	623
Dues	0
Vehicle rental	0
Per diem	0
Tuition reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Unvouchered expenses	0
Meetings and conventions	0
Other - stipend	31,000
	<u>\$205,835</u>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**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**

To the Board of Directors,  
New Orleans Military and Maritime Academy, Inc. and Subsidiary,  
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 Subsidiary (a non-profit corporation) (NOMMA), which comprise the consolidated statement of financial position as of June 30, 2022, 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, which collectively comprise NOMMA's consolidated financial statements, and have issued our report thereon dated November 17, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered NOMMA's 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 NOMMA's internal control. Accordingly, we do not express an opinion on the effectiveness of NOMMA'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 NOMMA's consolidated 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.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NOMMA's 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 consolidated 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 NOMMA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOMMA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
November 17, 2022.

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

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

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

**Opinion on Each Major Federal Program**

We have audited the compliance of New Orleans Military and Maritime Academy, Inc. and Subsidiary (NOMMA) (a charter school organization) with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of NOMMA's major federal programs for the year ended June 30, 2022. NOMMA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NOMMA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct material effect on each of its major federal programs for the year ended June 30, 2022

**Basis for Opinion on Each Major Federal Program**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NOMMA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of NOMMA's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NOMMA's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NOMMA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NOMMA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NOMMA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NOMMA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 NOMMA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana.  
November 17, 2022.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

<u>Federal Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Costs</u>
<b>United States Department of Education</b>			
<b>Pass-through Programs From:</b>			
<b>Louisiana Department of Education:</b>			
Title 1 Grants to Local Educational Agencies	84.010	\$ 549,937	\$ -
Special Education (IDEA) Grants to States	84.027	308,504	-
Supporting Effective Instruction State Grants	84.367	5,051	-
Education Stabilization Fund:			
Under the Coronavirus Aid, Relief, and Economic Security Act:			
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	944,629	-
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	543,810	-
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	7,823	-
Total Education Stabilization Fund		1,496,262	-
Total United States Department Education		2,359,754	-
<b>United States Department of Agriculture</b>			
<b>Pass-through Programs From:</b>			
<b>Louisiana Department of Education:</b>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	519,707	-
Summer Food Service Program for Children	10.559	5,005	-
Total United States Department of Agriculture		524,712	-
<b>United States Department of Homeland Security</b>			
<b>Pass-through Programs From:</b>			
<b>Louisiana Governor's Office of Homeland Security and Emergency Preparedness:</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	176,701	-
Total expenditures of federal awards		\$3,061,167	\$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

### **New Orleans Military and Maritime Academy, Inc. and Subsidiary** New Orleans, Louisiana

For the year ended June 30, 2022

#### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of New Orleans Military and Maritime Academy, Inc. and Subsidiary (NOMMA). NOMMA's reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2022. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

##### **b. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to NOMMA's consolidated financial statements for the year ended June 30, 2022.

#### **Note 2 - INDIRECT COST RATE**

NOMMA has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

**Section I - Summary of Auditor's Results**

a) Financial Statements

Type of report issued on the consolidated financial statements: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  Yes  None reported

Noncompliance material to consolidated financial statements noted?  Yes  No

b) Federal Awards

Internal controls over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  Yes  No

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

**Section I - Summary of Auditor's Results (Continued)**

c) Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.425	Louisiana Department of Education: Education Stabilization Fund: Under the Coronavirus Aid, Relief, and Economic Security Act:

Dollar threshold used to distinguish  
between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? X Yes      No

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements**

**Internal Control Over Financial Reporting**

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2022.

**Compliance and Other Matters**

No compliance findings material to the consolidated financial statements were reported during the audit for the year ended June 30, 2022.

**Section III - Federal Award Findings and Questioned Costs**

**Internal Control/Compliance**

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended June 30, 2022 related to internal control and compliance material to federal awards.

**REPORTS BY MANAGEMENT**

# **SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

## **New Orleans Military and Maritime Academy, Inc. and Subsidiary New Orleans, Louisiana**

For the year ended June 30, 2022

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2021 related to internal control over financial reporting material to the basic consolidated financial statements.

#### **Compliance and Other Matters**

There were no findings material to the consolidated financial statements noted during the audit for the year ended June 30, 2021 related to compliance and other matters.

### **Section II - Internal Control and Compliance Material to Federal Awards**

#### **Internal Control Over Financial Reporting**

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2021.

#### **Compliance and Other Matters**

No compliance findings material to the consolidated financial statements were reported during the audit for the year ended June 30, 2021.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2021.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

## **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

### **Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2022 related to internal control over financial reporting material to the basic consolidated financial statements.

### **Compliance and Other Matters**

There were no findings material to the consolidated financial statements noted during the audit for the year ended June 30, 2022 related to compliance and other matters.

## **Section II - Internal Control and Compliance Material to Federal Awards**

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended June 30, 2022, related to internal control and compliance material to federal awards.

## **Section III - Management Letter**

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2022.

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

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

To the Board of Directors,  
New Orleans Military and Maritime Academy, Inc. and Subsidiary,  
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 Subsidiary (NOMMA), for the year ended June 30, 2022, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514(I). Management of NOMMA is responsible for its performance and statistical data.

NOMMA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. 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.

Our procedures and associated findings 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, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on Schedule 4.
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures

**Results:** 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 schedules. We traced a sample of ten classes to the October 1, 2021 roll books for those classes and observed that the class was properly classified on the schedules.

**Results:** No exceptions were noted.

## **Education Levels/Experience of Public School Staff**

3. We obtained the October 1, 2021 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 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.

**Results:** For 4 of the 25 individuals examined, we noted the experience level reported on the October 1, 2021 PEP data submitted to the Department of Education did not agree to the personnel file documentation.

**Management Response:** Management corrected the individuals' experience levels in the reporting system.

## **Public School Staff Data: Average Salaries**

4. We obtained the June 30, 2022 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 listing was complete. We 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).

**Results:** For 2 of the 25 individuals examined, we noted the salary reported on the June 30, 2022 PEP data submitted to the Department of Education did not agree to the personnel file documentation.

**Management Response:** Management will implement controls to ensure the accuracy of the PEP data.

We were engaged by NOMMA 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 NOMMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual consolidated financial statements of New Orleans Military and Maritime Academy, Inc. and Subsidiary as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,  
November 17, 2022.

**GENERAL FUND INSTRUCTIONAL AND SUPPORT  
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES**

**New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022  
(Unaudited)

**General Fund Instructional and Equipment Expenditures**

Instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 3,510,650	
Other instructional staff salaries	506,578	
Instructional staff employee benefits	776,652	
Purchased professional and technical services	143,254	
Instructional materials and supplies	214,399	
Instructional equipment	-	
	<hr/>	

Total teacher and student interaction activities		\$ 5,151,533
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Other instructional activities		528,244
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Pupil support services	418,827	
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Less: equipment for pupil support services	-	
	<hr/>	

Net pupil support services		418,827
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Instructional staff services	418,561	
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Less: equipment for instructional staff services	-	
	<hr/>	

Net instructional staff services		418,561
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School administration	1,243,961	
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Less: equipment for school administration	-	
	<hr/>	

Net school administration		<hr/> 1,243,961
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Total general fund instructional expenditures		<hr/> <hr/> \$ 7,761,126
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\* Remainder of the BESE Schedule 1 does not apply to the School.

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

**CLASS SIZE CHARACTERISTICS****New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, LouisianaAs of October 1, 2021  
(Unaudited)

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	67%	229	32%	113	1%	2	0%	-
High Activity Classes	53%	51	37%	35	10%	10	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

**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.

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

**STATEWIDE AGREED-UPON PROCEDURES**

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

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

We have performed the procedures described in Schedule 4 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2021 through June 30, 2022. New Orleans Military and Maritime Academy, Inc. and Subsidiary (NOMMA) management is responsible for those C/C areas identified in the SAUPs.

NOMMA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 4.

We were engaged by NOMMA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 these C/C areas identified in the SAUPs. 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 NOMMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
November 17, 2022.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS**  
**OF THE STATEWIDE AGREED-UPON PROCEDURES**

**New Orleans Military and Maritime Academy, Inc. and Subsidiary**  
New Orleans, Louisiana

For the year ended June 30, 2022

The required procedures and our findings are as follows:

**Procedures Performed on NOMMA's Written Policies and Procedures:**

1. Obtain and inspect NOMMA's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and NOMMA's operations:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.  
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  - c) Disbursements, including processing, reviewing, and approving.  
Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue.  
Performance: Obtained and read the written policy for receipts/collections and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Written Policies and Procedures: (Continued)**

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.  
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.  
Performance: Obtained and read the written policy for contracting and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).  
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42: 1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read NOMMA's ethics policy.  
Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
Not applicable for not-for-profit entities.

**Procedures Performed on NOMMA's Written Policies and Procedures: (Continued)**

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Obtained and read the written policy for information technology disaster recovery/business continuity policy and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Not applicable for not-for-profit entities.

**Procedures Performed on NOMMA's Board:**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: NOMMA's bylaws require a minimum of 6 annual meetings. We obtained and read minutes from 6 board meetings during the year ended June 30, 2022. The frequency of and quorum representation of those meetings was considered to be appropriate.

Exceptions: There were no exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those funds comprised more than 10% of the entity's collections during the fiscal period.*

Performance: NOMMA is not reporting on the governmental accounting model. We did inspect meeting minutes and confirmed that the minutes referenced or included budget-to-actual comparisons relating to public funds.

Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Board: (Continued)**

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable. NOMMA is a nonprofit organization. The governmental accounting model is not applicable.

**Procedures Performed on NOMMA's Bank Reconciliations:**

3. Obtain a listing of NOMMA's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select NOMMA's main operating account and select 4 additional accounts (or all accounts if less than 5). Randomly select 1 month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged); and

Performance: Obtained monthly bank reconciliation for the selected months for the main operating bank account and 4 other accounts. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

- b) Bank reconciliations include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Inspected NOMMA's documentation for the bank reconciliations for the 5 bank accounts selected and verified that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: Requested documentation from management reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Exceptions: For 1 of the 5 reconciliations examined, we noted management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

**Procedures Performed on NOMMA's Collections:**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select 5 deposit sites (or all deposit sites if less than 5).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select 1 collection location for each deposit site (e.g., collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.  
Performance: Inspected policy manuals, inquired of client as to all the requirements.  
Exceptions: There were no exceptions noted.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.  
Performance: Inspected policy manuals, inquired of client as to all the requirements.  
Exceptions: There were no exceptions noted.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.  
Performance: Inspected policy manuals, inquired of client as to all the requirements.  
Exceptions: There were no exceptions noted.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.  
Performance: Inspected policy manuals, inquired of client as to all the requirements.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Collections: (Continued)**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Performance: Obtained a copy of the insurance policy for theft covering all employees who have access to cash. Observed that the insurance policy for theft was enforced during the fiscal period.

Exceptions: There were no exceptions noted.

7. Randomly select 2 deposit dates for each of NOMMA's 5 bank accounts selected for procedures #3 under "Procedures Performed on NOMMA's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits were made on the same day). [*Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.*] Obtain supporting documentation for each of the 10 deposits selected and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits. Due to the nature of the deposits, which were reimbursements, pre-numbered cash receipts were not required. We reviewed the reimbursement claim and schedule of student meals for these deposits.

Exceptions: There were no exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

- d) Observe that the deposit was made within 1 business day of receipt at the collection location (within 1 week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and any cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within 1 business day of receipt.

Exceptions: There were no exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):**

8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5).

Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if NOMMA has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- b) At least 2 employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- c) The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for reviewing changes to vendor files.

Performance: Obtained a listing of employees involved in processing payments to vendors. Observed that the employee responsible for processing payments is involved in adding/modifying vendor files. Management confirmed and we observed that another employee is responsible for reviewing changes to vendor files.

Exceptions: There were no exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Obtained a listing of employees involved with signing and mailing checks and verified they are not involved in the processing of payments.

Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

10. For each location selected under #8 above, obtain NOMMA's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained NOMMA's non-payroll disbursement transaction population and management's representation in a separate letter that the population is complete. Selected 5 disbursements from the sole location that processes payments for testing.

Exceptions: There were no exceptions noted.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Performance: Observed the 5 disbursements matched the related original invoice/billing statements.

Exceptions: There were no exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Credit Cards, Debit Cards, Fuel Cards, P-Cards:**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintain possession of the cards and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Randomly select 1 monthly statement or combined statement for each card (for a debit card, randomly select 1 monthly bank statement), obtain supporting documentation, and:

**Procedures Performed on NOMMA's Credit Cards, Debit Cards, Fuel Cards, P-Cards:**

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Observed that there were no finance charges and/or late fees assessed on the selected statements.

Exceptions: There were no exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that the transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

- 2) Written documentation of the business/public purpose.

Performance: Observed that the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

- 3) Documentation of the individuals participating in meals (for meal charges only).

Performance: Observed that selected transactions for meal charges were supported by documentation of the individuals participating in the meals.

Exceptions: There were no exceptions noted.

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained a listing of all travel and related expense reimbursements during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Obtained the related expense reimbursement form and supporting documentation for 5 reimbursements.

Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Travel and Travel-Related Expense Reimbursements:**

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).  
Performance: Agreed the reimbursement rate for the 5 selected reimbursements using a per diem rate to those rates established by the State of Louisiana.  
Exceptions: There were no exceptions noted.
  
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.  
Performance: Observed that reimbursements using actual cost were supported by an original itemized receipt that identified precisely what was purchased.  
Exceptions: There were no exceptions noted.
  
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).  
Performance: Observed each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy (procedures #1h).  
Exceptions: There were no exceptions noted.
  
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.  
Performance: Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person that received the reimbursement.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Contracts:**

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, and:  
Performance: Obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and selected 5 contracts for testing. Obtained management's representation that the listing is complete.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Contracts: (Continued)**

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.  
Performance: Observed that the contracts selected did not require the bids to be in accordance with Louisiana Public Bid Law.  
Exceptions: There were no exceptions noted.
- b) Observe that the contract was approved by the governing body, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).  
Performance: Observed that the contracts selected did not require Board approval.  
Exceptions: There were no exceptions noted.
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with the contract terms.  
Performance: Observed that 1 of the 5 contracts selected for testing was amended during the fiscal period. Observed that the original contract terms provided for such an amendment and that the amendments were made in compliance with the contract terms.  
Exceptions: There were no exceptions noted.
- d) Randomly select 1 payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.  
Performance: Randomly selected 1 payment for each of the 5 contracts and obtained supporting invoices, agreed invoices to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Payroll and Personnel:**

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, paid salaries, and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.  
Performance: Obtained a listing of employees employed during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected 5 employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.  
Exceptions: There were no exceptions noted.
17. Randomly select 1 pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

**Procedures Performed on NOMMA's Payroll and Personnel:**

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).  
Performance: Randomly selected 1 pay period to test leave taken during that period.  
Inspected all daily attendance and leave record for proper documentation.  
Exceptions: There were no exceptions noted.
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.  
Performance: Observed that supervisors approved the attendance and leave of the selected employees/officials.  
Exceptions: There were no exceptions noted.
  - c) Observe that any leave accrued or taken during the pay period is reflected in NOMMA's cumulative leave records.  
Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.  
Exceptions: There were no exceptions noted.
  - d) Observe that the rate paid to the employees agree to the authorized salary/pay rate found within the personnel file.  
Performance: Agreed the pay rates to the authorized salary/pay rates maintained in employee files.  
Exceptions: There were no exceptions noted.
18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees/officials, obtain related documentation of the hours, and pay rates used in management's termination payment calculations, agree the hours to the employees'/officials' cumulative leave records, and agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files.  
Performance: Inquired of management of those employees/officials that NOMMA terminated during the fiscal period and management's representation that the list is complete. No termination payments were made during the fiscal year.  
Exceptions: There were no exceptions noted.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.  
Performance: Obtained management's representation that employer and employee portions of third-party payroll accounts have been paid, and any associated forms have been filed by the required deadlines.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Ethics:**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures Performed on NOMMA's Payroll and Personnel" above, obtain ethics compliance documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.  
Performance: Obtained certificates of ethics training for selected employees and verified the employees completed one hour of ethics training during the fiscal period.  
Exceptions: There were no exceptions noted.
  - b) Observe whether NOMMA maintains documentation which demonstrates each employee and official were notified of any changes to NOMMA's ethics policy during the fiscal period, as applicable.  
Not applicable as there were no changes to NOMMA's ethics policy during the fiscal period.

**Procedures Performed on NOMMA's Debt Service:**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instruments issued.  
Not applicable for not-for-profit entities.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.  
Not applicable for not-for-profit entities.

**Procedures Performed on NOMMA's Fraud Notice:**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that NOMMA reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which NOMMA is domiciled.  
Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period. Obtained management's representation that the listing is complete. Several fraudulent checks were written by an external party during the period but were noted and refunded by the bank before the end of the fiscal year. As a result of the bank's refunding NOMMA, the matter was not reported.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Fraud Notice: (Continued)**

24. Observe NOMMA has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.  
Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.  
Exceptions: There were no exceptions noted.

**Procedures Performed on NOMMA's Information Technology Disaster Recovery/Business Continuity:**

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect NOMMA's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.  
Performance: We performed the procedures and discussed the results with management.
  - b) Obtain and inspect NOMMA's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.  
Performance: We performed the procedures and discussed the results with management.
  - c) Obtain a listing of NOMMA's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.  
Performance: We performed the procedures and discussed the results with management.

**Procedures Performed on NOMMA's Sexual Harassment:**

26. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures Performed on NOMMA's Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.  
Not applicable for not-for-profit entities.
27. Observe that NOMMA has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on NOMMA's premises if NOMMA does not have a website).  
Not applicable for not-for-profit entities.

**Procedures Performed on NOMMA's Sexual Harassment: (Continued)**

28. Obtain NOMMA's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;  
Not applicable for not-for-profit entities.
  - b) Number of sexual harassment complaints received by the agency;  
Not applicable for not-for-profit entities.
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;  
Not applicable for not-for-profit entities.
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;  
Not applicable for not-for-profit entities.
  - e) Amount of time it took to resolve each complaint.  
Not applicable for not-for-profit entities.

**Management's Response to Exceptions**

- 3c) Management will research outstanding items and determine if they need to be written off or escheated to the State.