

CRESCENT CITY SCHOOLS AND SUBSIDIARY

NEW ORLEANS, LOUISIANA

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidating financial statements of Crescent City Schools and Subsidiary (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 Crescent City Schools and Subsidiary as of June 30, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance 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 Crescent City Schools and Subsidiary 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 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 Crescent City Schools and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

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, the *Louisiana Governmental Audit Guide*, 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 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 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 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 Crescent City Schools and Subsidiary’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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crescent City Schools and Subsidiary’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.



To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Schedules “1” through “4” is presented for the purposes of additional analysis and is also not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head (Schedule “1”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023 on our consideration of Crescent City Schools and Subsidiary’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Crescent City Schools and Subsidiary’s 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 Crescent City Schools and Subsidiary’s internal control over financial reporting and compliance.

December 28, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 3,744,795	\$ 996,238
Investments	5,793,371	8,431,044
Grant receivables	3,610,780	2,477,812
Other receivables	2,677,353	49,645
Prepaid expenses	<u>338,605</u>	<u>59,390</u>
 Total current assets	 <u>16,164,904</u>	 <u>12,014,129</u>
<u>PROPERTY AND EQUIPMENT, NET</u>		
	<u>9,581,094</u>	<u>8,787,596</u>
<u>OTHER ASSETS:</u>		
Right of use assets - operating leases, net	139,554	-
Deposits	<u>52,035</u>	<u>52,035</u>
 Total other assets	 <u>191,589</u>	 <u>52,035</u>
 Total assets	 <u>\$ 25,937,587</u>	 <u>\$ 20,853,760</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 2,855,541	\$ 1,797,317
Accrued expenses	1,185,627	1,895,253
Current portion of operating leases	68,806	-
Current portion of long-term debt	214,394	205,845
Deferred revenue	<u>-</u>	<u>89,500</u>
 Total current liabilities	 <u>4,324,368</u>	 <u>3,987,915</u>
<u>NON-CURRENT LIABILITIES:</u>		
Operating leases, net of current portion	70,748	-
Long-term debt, net of current portion and deferred financing fees	<u>6,856,913</u>	<u>6,972,240</u>
 Total non-current liabilities	 <u>6,927,661</u>	 <u>6,972,240</u>
 Total liabilities	 <u>11,252,029</u>	 <u>10,960,155</u>
<u>NET ASSETS:</u>		
Without donor restrictions	14,638,665	9,748,697
With donor restrictions	<u>46,893</u>	<u>144,908</u>
 Total net assets	 <u>14,685,558</u>	 <u>9,893,605</u>
 Total liabilities and net assets	 <u>\$ 25,937,587</u>	 <u>\$ 20,853,760</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 29,712,920	\$ -	\$ 29,712,920
Federal grants	14,125,014	-	14,125,014
Other state funding	961,913	-	961,913
Private contributions and grants of financial assets	2,802,972	37,500	2,840,472
Contributions of nonfinancial assets	946,880	-	946,880
Investment income	197,380	-	197,380
Other income	1,134,100	-	1,134,100
Net assets released from restrictions	<u>135,515</u>	<u>(135,515)</u>	<u>-</u>
 Total revenue	 <u>50,016,694</u>	 <u>(98,015)</u>	 <u>49,918,679</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	17,774,749	-	17,774,749
General non-instructional	17,142,894	-	17,142,894
Special education	6,979,438	-	6,979,438
Special programs	853,826	-	853,826
Support services:			
Administration	<u>2,375,819</u>	<u>-</u>	<u>2,375,819</u>
 Total expenses	 <u>45,126,726</u>	 <u>-</u>	 <u>45,126,726</u>
 Change in net assets	 4,889,968	 (98,015)	 4,791,953
 Net assets, beginning of year	 <u>9,748,697</u>	 <u>144,908</u>	 <u>9,893,605</u>
 Net assets, end of year	 <u>\$ 14,638,665</u>	 <u>\$ 46,893</u>	 <u>\$ 14,685,558</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 24,191,371	\$ -	\$ 24,191,371
Federal grants	10,288,273	-	10,288,273
Other state funding	951,129	-	951,129
Private contributions and grants of financial assets	457,211	311,000	768,211
Contributions of nonfinancial assets	475,789	-	475,789
Investment income	17,045	-	17,045
Other income	1,261,827	-	1,261,827
Net assets released from restrictions	<u>293,366</u>	<u>(293,366)</u>	<u>-</u>
 Total revenue	 <u>37,936,011</u>	 <u>17,634</u>	 <u>37,953,645</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	14,707,688	-	14,707,688
General non-instructional	13,856,603	-	13,856,603
Special education	5,957,825	-	5,957,825
Special programs	731,642	-	731,642
Support services:			
Administration	<u>2,242,497</u>	<u>-</u>	<u>2,242,497</u>
 Total expenses	 <u>37,496,255</u>	 <u>-</u>	 <u>37,496,255</u>
 Change in net assets	 439,756	 17,634	 457,390
 Net assets, beginning of year	 <u>9,308,941</u>	 <u>127,274</u>	 <u>9,436,215</u>
 Net assets, end of year	 <u>\$ 9,748,697</u>	 <u>\$ 144,908</u>	 <u>\$ 9,893,605</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Support Services		Total
	General	General	Special	Special	Administration		
	Instructional	Non-Instructional	Education	Programs			
Salaries	\$ 11,108,590	\$ 3,887,572	\$ 4,553,130	\$ 580,152	\$ 1,101,413	\$ 21,230,857	
Employee benefits	1,338,078	609,404	532,600	83,652	280,624	2,844,358	
Retirement	375,615	138,782	150,952	15,921	47,886	729,156	
Payroll taxes	831,243	283,310	342,023	42,495	73,905	1,572,976	
Purchased educational services	682,646	-	328,705	-	-	1,011,351	
Other purchased professional services	15,061	520,080	458,094	-	206,535	1,199,770	
Purchased technical services	109,327	466,161	-	-	65,377	640,865	
Utilities	-	643,679	-	-	-	643,679	
Repairs and maintenance	-	2,064,627	-	-	-	2,064,627	
Rentals	196,687	919,566	-	-	3,680	1,119,933	
Student transportation	-	2,269,940	578,944	-	-	2,848,884	
Insurance	-	485,093	-	-	10,324	495,417	
Communications	288,688	230,778	-	-	10,418	529,884	
Advertising, printing, and binding	-	44,267	-	-	65,596	109,863	
Food service	-	2,789,915	-	80,506	2,825	2,873,246	
Travel	8,947	-	-	-	23,801	32,748	
Miscellaneous purchased services	161,977	-	-	912	1,750	164,639	
Materials and supplies	2,204,132	385,510	22,839	31,345	30,146	2,673,972	
Books and periodicals	407,861	-	12,151	18,843	-	438,855	
Dues and fees	45,897	944,662	-	-	26,045	1,016,604	
Depreciation	-	453,130	-	-	-	453,130	
Interest	-	6,418	-	-	425,494	431,912	
	<u> </u>						
Total expenses	<u>\$ 17,774,749</u>	<u>\$ 17,142,894</u>	<u>\$ 6,979,438</u>	<u>\$ 853,826</u>	<u>\$ 2,375,819</u>	<u>\$ 45,126,726</u>	

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Support Services	
	General Instructional	General Non-Instructional	Special Education	Special Programs	Administration	Total
Salaries	\$ 9,100,504	\$ 3,328,372	\$ 3,704,842	\$ 494,672	\$ 1,021,701	\$ 17,650,091
Employee benefits	1,434,982	610,101	623,839	97,176	134,047	2,900,145
Retirement	314,237	116,381	125,835	12,660	44,235	613,348
Payroll taxes	682,755	240,098	276,043	36,071	68,234	1,303,201
Purchased educational services	377,309	-	382,398	-	-	759,707
Other purchased professional services	7,803	191,688	435,636	-	269,287	904,414
Purchased technical services	108,516	235,488	-	-	52,185	396,189
Utilities	-	605,343	-	-	-	605,343
Repairs and maintenance	-	1,777,270	-	-	-	1,777,270
Rentals	191,672	908,751	-	-	3,435	1,103,858
Student transportation	-	1,583,421	355,184	-	-	1,938,605
Insurance	-	304,785	-	-	3,569	308,354
Communications	270,642	246,158	-	-	10,666	527,466
Advertising, printing, and binding	-	32,295	-	-	95,251	127,546
Food service	-	2,194,731	-	57,351	13,826	2,265,908
Travel	18,884	1,423	-	-	14,530	34,837
Miscellaneous purchased services	74,999	-	-	-	-	74,999
Materials and supplies	1,792,075	301,593	22,199	24,386	9,368	2,149,621
Books and periodicals	315,180	-	31,849	9,326	-	356,355
Dues and fees	18,130	786,321	-	-	25,352	829,803
Depreciation	-	385,544	-	-	-	385,544
Interest	-	6,840	-	-	476,811	483,651
	<u>\$ 14,707,688</u>	<u>\$ 13,856,603</u>	<u>\$ 5,957,825</u>	<u>\$ 731,642</u>	<u>\$ 2,242,497</u>	<u>\$ 37,496,255</u>

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 4,791,953	\$ 457,390
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	453,130	385,544
Amortization expense	82,389	69,441
(Increase) decrease in:		
Grant receivables	(1,132,968)	(1,080,197)
Other receivables	(2,627,708)	295,217
Prepaid expenses	(279,215)	241,320
Increase (decrease) in:		
Accounts payable	600,428	54,887
Accrued expenses	(709,626)	409,556
Deferred revenue	(89,500)	(28,500)
	<u>1,088,883</u>	<u>804,658</u>
Net cash from operating activities		
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Capital expenditures	(788,833)	(381,615)
Purchase of investments	(197,380)	(177,179)
Proceeds from sale of investments	<u>2,835,054</u>	<u>-</u>
	<u>1,848,841</u>	<u>(558,794)</u>
Net cash from (used for) investing activities		
<u>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</u>		
Proceeds from issuance of long-term debt	-	113,669
Payments on loans payable	(189,167)	(270,384)
Incurred debt issuance costs	<u>-</u>	<u>(112,891)</u>
	<u>(189,167)</u>	<u>(269,606)</u>
Net cash (used for) financing activities		
Net increase (decrease) in cash and cash equivalents	2,748,557	(23,742)
Cash and cash equivalents, beginning of year	<u>996,238</u>	<u>1,019,980</u>
Cash and cash equivalents, end of year	<u>\$ 3,744,795</u>	<u>\$ 996,238</u>

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Nature of Activities

Crescent City Schools (CCS) is a Louisiana not-for-profit organization incorporated on June 8, 2010 for the purpose of operating charter schools. CCS was created to support and develop open enrollment charter schools that raise student achievement and prepare students for college.

The Board of Elementary and Secondary Education (BESE) approved the granting of a charter to Crescent City Schools effective May 18, 2011 to operate a Type 5 Charter School, as defined in LA.R.S. 17:3996. Crescent City Schools commenced operations with the 2011-2012 school year. On July 1, 2018, the individual schools became Type 3B charters schools. As of June 30, 2023 and 2022, Crescent City Schools operates three charter schools as listed below as authorized by the operating agreements between Orleans Parish School Board (OPSB) and CCS:

<u>School</u>	<u>Type</u>	<u>Term Date</u>
Akili Academy Charter School	Type 3B	June 30, 2023
Harriet Tubman Charter School	Type 3B	June 30, 2025
Dorothy Height Charter School	Type 3B	June 30, 2026

During December 2021, Paul Habans Charter School changed its name through Charter Operator vote and OPSB Superintendent approval to Dorothy Height Charter School to be effective July 1, 2022.

During the year ended June 30, 2023, CCS agreed to voluntarily relinquish its charter for Akili Academy Charter School to OPSB in exchange for a new Type I Charter agreement to operate Mildred Osborne Charter School beginning July 1, 2023 and expiring on June 30, 2028. CCS agreed to guarantee seats at Mildred Osborne Charter School to all students who had been attending Akili Academy Charter School and to all students who had been attending Mildred Osborne Charter School (which was previously operated by ARISE Schools).

Principles of Consolidation

These financial statements have been consolidated to include all accounts of CCS and its subsidiary, Crescent City Schools Foundation (the Foundation). The accompanying consolidated financial statements are presented on a consolidated basis and significant intercompany accounts have been eliminated.

The Foundation is a Louisiana not-for-profit organization incorporated on July 15, 2019 for the purpose of supporting the operating charter schools. The Foundation was organized exclusively for the benefit of, to perform the functions of, and to carry out the purpose of CCS. This entity will be consolidated in the financial statements of CCS due to common controlling and economic interests with CCS. Throughout, the Foundation and the CCS will be collectively referred to as "CCS".

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Method of Accounting and Financial Report Framework

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board.

Basis of Presentation

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CCS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, CCS considers all demand deposits and highly liquid investments with an initial maturity of less than three months to be cash equivalents.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Investments

CCS invests in Louisiana Asset Management Pool (LAMP), which is administered by LAMP, Inc. a non-profit corporation incorporated in the State of Louisiana. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The investment in LAMP is valued at fair value, which is determined weekly by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

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

Level 2 inputs do not stem directly from quoted prices and include data that is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active.

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

No Level 2 or Level 3 inputs were used by CCS during June 30, 2023 and 2022.

Receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2023 and 2022, no allowance has been recorded as management considers all receivables to be fully collectible.

Property and Equipment and Depreciation

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. CCS maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Property and Equipment and Depreciation (continued)

Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	5 years
Vehicles	5 years
Furniture and fixture	5 to 10 years
Buildings and improvements	15 to 30 years

Assets acquired with Louisiana Department of Education (LDOE) funds are owned by CCS while used in the purpose for which it was purchased. The LDOE however, has a reversionary interest in these assets. Should a charter not be renewed, title in any assets purchased with these funds will revert to the appropriate agency.

Impairment of Long-Lived Assets

CCS reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. CCS did not recognize an impairment loss during the years ended June 30, 2023 and 2022.

Revenue Recognition and Deferred Revenue

Program income and other sources of income are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied, or when performance obligations are met. Prior to the adoption of ASC 606, CCS recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

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

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Revenue Recognition (continued)

Revenues from federal and state grants are recorded when CCS has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by CCS, or when otherwise earned under the terms of the grants. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the consolidated statements of financial position.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In addition, CCS receives services donated by parents and community members in carrying out CCS's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under GAAP.

Leases

CCS applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. CCS defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that CCS will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

CCS also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether CCS can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

CCS is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. CCS generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

CCS determines the incremental borrowing rate of each lease by estimating the credit rating of CCS at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Functional Expenses

The costs of providing the various programs and other activities of CCS have been summarized on a functional basis in the consolidated statements of activities. Directly identifiable expenses are charged to programs, support services, and non-instructional services. Expenses related to more than one function are charged to programs, support services, and non-instructional services on the basis of periodic time and expense studies. Salaries and employee benefits have been allocated based on time and effort. All other allocated expenses have been allocated based on actual expenses incurred.

Income Tax Status

CCS has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. 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, 2023, CCS believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2019 and later remain subject to examination by the taxing authorities.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The adoption of these Updates had a material impact on CCS.

Date of Management Review

Subsequent events have been evaluated through December 28, 2023, which is the date the financial statements were available to be issued.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(2) STATEMENT OF CASH FLOW SUPPLEMENTARY DISCLOSURES

Noncash investing and financing activities during the year ended June 30, 2023 consist of financing the purchase of equipment of \$457,796 through a trade account.

Supplemental disclosures of cash flow information at June 30th:

Cash paid during the year for:	<u>2023</u>	<u>2022</u>
Interest	\$ <u>349,523</u>	\$ <u>416,725</u>

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects CCS's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include debt service. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 15,826,299	\$ 11,954,739
Less those unavailable for general expenditure within one year due to:		
Debt service	<u>(214,394)</u>	<u>(205,846)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,611,905</u>	<u>\$ 11,748,894</u>

As part of the CCS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CCS's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of operating expenses. CCS regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources of CCS. In addition, CCS operates with a budget and monitors sources and uses of funds throughout the year by comparing budget to actual operating expenses.

(4) INVESTMENTS

The fair value of Level 1 investments is as follows at June 30th:

	<u>2023</u>	<u>2022</u>
LAMP	\$ <u>5,793,371</u>	\$ <u>8,431,044</u>
Total investments	<u>\$ 5,793,371</u>	<u>\$ 8,431,044</u>

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(4) INVESTMENTS (CONTINUED)

Investment income consists as follows for the years ended June 30th:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 197,380	\$ 17,045
Total investment income	<u>\$ 197,380</u>	<u>\$ 17,045</u>

(5) GRANT RECEIVABLES

Grant receivables consist of the following at June 30th:

	<u>2023</u>	<u>2022</u>
Due from State of Louisiana	\$ 3,460,780	\$ 2,409,178
Due from local government	150,000	18,634
Due from other	<u>-</u>	<u>50,000</u>
	<u>\$ 3,610,780</u>	<u>\$ 2,477,812</u>

(6) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30th:

	<u>2023</u>	<u>2022</u>
Land	\$ 777,622	\$ 777,622
Leasehold improvements	424,462	395,667
Vehicles	100,930	46,650
Furniture and fixture	888,062	630,989
Buildings and improvements	8,017,426	8,017,424
Construction in progress	<u>906,478</u>	<u>-</u>
	11,114,980	9,868,352
Less: accumulated depreciation	<u>(1,533,886)</u>	<u>(1,080,756)</u>
Property and equipment, net	<u>\$ 9,581,094</u>	<u>\$ 8,787,596</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$453,130 and \$385,544, respectively.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(7) LONG-TERM DEBT

CCS has long-term notes payable as follows at June 30th:

	<u>2023</u>	<u>2022</u>
Credit loan payable to financial institution, with variable monthly principle/interest payments, maturing in July 2026, collateralized by real property, and an annual percentage rate of 4.25%.	\$ 1,858,114	\$ 1,889,469
Credit loan payable to financial institution, with variable monthly principle/interest payments, maturing in July 2026, collateralized by real property, and an annual percentage rate of 6.25%.	761,224	786,216
Credit loans payable to financial institution, with variable monthly principle/interest payments, maturing in July 2026, collateralized by real property, and annual percentage rates of 6.25% and 3.00%.	628,817	667,860
Credit loan payable to financial institution, with variable monthly principle/interest payments, maturing in July 2026, collateralized by real property, and an annual percentage rate of 4.50%.	4,088,178	4,181,955
	7,336,333	7,525,500
Less: deferred financial costs	(265,026)	(347,415)
Less: current portion of long-term debt	(214,394)	(205,845)
Total long-term debt, net	<u>\$ 6,856,913</u>	<u>\$ 6,972,240</u>

The maturities of long-term debt for next five years and thereafter are as follows:

2024	\$ 214,394
2025	225,758
2026	237,208
2027	6,658,973
	<u>\$ 7,336,333</u>

Interest expense totaled \$343,105 and \$416,948 for the years ended June 30, 2023 and 2022, respectively.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(8) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30th:

	2023	2022
Jazz & Heritage Festival	\$ 2,500	\$ -
Peyback Foundation	-	567
New Schools for New Orleans (NSNO)	44,394	144,341
Net assets with donor restrictions	\$ 46,893	\$ 144,908

(9) CONTRIBUTED NONFINANCIAL ASSETS

CCS received contributed nonfinancial assets as follows for the years ended June 30th:

	2023	2022
Equipment	\$ 687,474	\$ 376,676
Food commodities	72,835	56,758
Software	186,570	41,855
Supplies	-	500
Total contributions of nonfinancial assets	\$ 946,880	\$ 475,789

CCS's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of CCS. If an asset is provided that does not allow CCS to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

CCS was provided equipment, food commodities, software, and supplies at estimated fair market value as determined by the individual grantor agencies and donors.

All contributed nonfinancial assets received by CCS for the years ended June 30, 2023 and 2022 were considered without donor restrictions and able to be used by CCS as determined by the board of directors and management.

(10) EMPLOYEE RETENTION TAX CREDIT

CCS has received financial assistance from the U.S. Federal government to guarantee the continuance of employee salaries under the CARES Act. During 2023, CCS was granted financial assistance amounting to \$2,493,608 under the Employee Retention Credit (ERC) created under the CARES Act. The ERC provides eligible employers with credits per employee based on qualified wages and health insurance. The amount received was accounted for in 2023 as a gain and is presented with other receivables in the consolidated statements of financial position and contributions and grants of financial assets on the statements of activities as of and for the year ended June 30, 2023.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(11) RETIREMENT PLAN

CCS maintains a safe-harbor 401(k) plan covering all eligible employees. CCS matches 100% of an employees' deferrals up to the following limits based on years of employment with the Organization:

Less than 4 years	Up to 4% of total compensation
4-9 years	Up to 5% of total compensation
9-14 years	Up to 6% of total compensation
Greater than 14 years	Up to 7% of total compensation

Matching contributions for the years ended June 30, 2023 and 2022 totaled \$729,156 and \$613,348, respectively.

(12) LEASE COMMITMENTS

CCS entered into agreements with the OPSB whereby each school has its own separate agreement which allows CCS to use the facilities and contents at each location. Lease terms range from July 1, 2021 through June 30, 2026 corresponding with each school's charter agreement.

All of the aforementioned leases call for payments based on the Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

In lieu of a security/damage deposit, CCS pays a non-reimbursable Damage Fee to OPSB in the amount of \$12.50 per pupil payable over three years, beginning in FY22, or by the end of the term of the lease agreements, whichever occurs first. OPSB deposits the Damage Fee into a Damage Fund, as described in OPSB Policy HD, which is the repository for all Damage Fees remitted by all school operators leasing OPSB-owned facilities. The Damage Fund is a communal fund to be utilized to finance the cost of any incomplete maintenance or facility repair needs noted to facilities after any school operator exits its lease with OPSB. CCS remains liable for any deferred maintenance or facility repair costs in excess of its contribution to the Damage Fund.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(12) LEASES COMMITMENTS (CONTINUED)

Leases under ASC 840

In May 2018, CCS entered into a sublease agreement with the New Orleans School Facility Finance Foundation to lease the facilities located at 2013 General Meyer Avenue, New Orleans, Louisiana 70114, and its contents at a monthly rate of \$73,108 from August 2018 through October 2023. CCS receives additional MFP funding and OPSB subsidies to offset the cost of the sublease. For the years ended June 30, 2023 and 2022, the additional MFP funds and OPSB subsidies received did sufficiently offset the lease payments required under this sublease agreement. Per an agreement between OPSB and the property owner, the additional rent subsidies from OPSB will continue throughout the life of the lease.

CCS entered into a lease with the Foundation for the use of property effective July 24, 2019 through June 30, 2023. Annual rent was \$534,515 and \$711,506 for the years ended June 30, 2023 and 2022, respectively. An additional fee of \$1,000,000 for all amounts, fees, expenses, taxes, indemnities, assessments, reserve replacements, or other payments for capital repairs and replacements was assessed by the Foundation for the year ended June 30, 2023. The lease was amended and extended through June 30, 2024 with a monthly payment of \$45,166. An additional fee assessed by the Foundation for the year ended June 30, 2024 will total \$96,000, payable in monthly installments. CCS is responsible for all real property taxes and assessments, utilities, and personal property taxes. The lease payments and receipts are eliminated during the consolidation.

Leases Under ASC 842

Effective July 1, 2022, CCS adopted FASB 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

CCS elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows CCS to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption.

CCS elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. CCS also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(12) LEASES (CONTINUED)

Leases Under ASC 842 (continued)

Additional information about CCS's leases is as follows for the year ended June 30, 2023:

Operating lease cost	\$ <u>68,806</u>
Cash paid for amounts in lease liabilities	\$ 68,806
Operating cash flows from operating leases	68,806
Right-of-use assets obtained in exchange for new operating lease liabilities	173,956
Weighted-average remaining lease term-operating leases	2.5 years
Weighted-average discount rate- operating leases	4.25%

The maturities of lease liabilities as of June 30, 2023 are as follows:

2024	\$ 68,806
2025	68,806
2026	5,734
Less imputed interest	<u>(3,792)</u>
	<u>\$ 139,554</u>

(13) CONCENTRATIONS OF CREDIT RISK

CCS maintained cash deposits at a financial institution during the years ended June 30, 2023 and 2022. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per entity per financial institution. CCS has not experienced any losses in such accounts. CCS has no policy requiring collateral or other security to support its deposits. At June 30, 2023 and 2022, the cash balance in excess of insured amounts was \$3,484,926 and \$471,337, respectively, as follows:

	<u>2023</u>	<u>2022</u>
Crescent City Schools	\$ 3,484,926	\$ 471,325
Crescent City Schools Foundation, Inc.	<u>-</u>	<u>12</u>
Cash in excess of FDIC insurance limits	<u>\$ 3,484,926</u>	<u>\$ 471,337</u>

The amount of cash available at June 30, 2023 and 2022 represents 100% and 32% of each fiscal period's average monthly expenses. CCS requires no collateral to secure the federal grant receivables or other receivable balances.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(14) GRANT PROGRAM CONTINGENCIES

CCS 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 CCS has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2023 and 2022 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and CCS.

(15) ECONOMIC DEPENDENCY

CCS receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2023 and 2022 totaled \$29,712,920 and \$24,707,160, respectively. Funding was received from various federal grants passed through the State of Louisiana totaling \$14,125,014 and \$10,288,273 for the years ended June 30, 2023 and 2022, respectively. 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 CCS 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 CCS will receive in fiscal year 2023 relating to its grant awards.

(16) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-13, "*Financial Instruments-Credit Losses*." The main objective of this Update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. CCS plans to adopt this Update as applicable by the effective date.

(17) RECLASSIFICATIONS

Certain reclassifications have been made to prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on net assets.

SUPPLEMENTARY INFORMATION

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2022

	Crescent City Schools	Crescent City Foundation	Eliminating Entries	2023 Total	2022 Total
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 3,386,674	\$ 358,121	\$ -	\$ 3,744,795	\$ 996,238
Investments	5,793,371	-	-	5,793,371	8,431,044
Grant receivables	3,610,780	-	-	3,610,780	2,477,812
Other receivables	2,677,353	550,000	(550,000)	2,677,353	49,645
Prepaid expenses	336,505	2,100	-	338,605	59,390
	<u>15,804,683</u>	<u>910,221</u>	<u>(550,000)</u>	<u>16,164,904</u>	<u>12,014,129</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>943,562</u>	<u>8,637,532</u>	<u>-</u>	<u>9,581,094</u>	<u>8,787,596</u>
<u>OTHER ASSETS:</u>					
Right of use assets - operating leases, net	139,554	-	-	139,554	-
Deposits	52,035	-	-	52,035	52,035
	<u>191,589</u>	<u>-</u>	<u>-</u>	<u>191,589</u>	<u>52,035</u>
Total assets	<u>\$ 16,939,834</u>	<u>\$ 9,547,753</u>	<u>\$ (550,000)</u>	<u>\$ 25,937,587</u>	<u>\$ 20,853,760</u>
<u>CURRENT LIABILITIES:</u>					
Accounts payable	\$ 2,389,445	\$ 466,096	\$ -	\$ 2,855,541	\$ 1,797,317
Accrued expenses	1,735,627	-	(550,000)	1,185,627	1,895,253
Deferred revenue	-	-	-	-	89,500
Current portion of operating leases	68,806	-	-	68,806	-
Current portion of long-term debt	14,734	199,660	-	214,394	205,845
	<u>4,208,612</u>	<u>665,756</u>	<u>(550,000)</u>	<u>4,324,368</u>	<u>3,987,915</u>
<u>NON-CURRENT LIABILITIES:</u>					
Operating leases, net of current portion	70,748	-	-	70,748	-
Long-term debt, net of current portion	191,416	6,665,497	-	6,856,913	6,972,240
	<u>262,164</u>	<u>6,665,497</u>	<u>-</u>	<u>6,927,661</u>	<u>6,972,240</u>
Total liabilities	<u>4,470,776</u>	<u>7,331,253</u>	<u>(550,000)</u>	<u>11,252,029</u>	<u>10,960,155</u>
<u>NET ASSETS:</u>					
Without donor restrictions	12,422,165	2,216,500	-	14,638,665	9,748,697
With donor restrictions	46,893	-	-	46,893	144,908
	<u>12,469,058</u>	<u>2,216,500</u>	<u>-</u>	<u>14,685,558</u>	<u>9,893,605</u>
Total liabilities and net assets	<u>\$ 16,939,834</u>	<u>\$ 9,547,753</u>	<u>\$ (550,000)</u>	<u>\$ 25,937,587</u>	<u>\$ 20,853,760</u>

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

	Crescent City Schools			Crescent City Foundation			Eliminating Entries	2023 Total	2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
REVENUE:									
State/Local per pupil aid	\$ 29,712,920	\$ -	\$ 29,712,920	\$ -	\$ -	\$ -	\$ -	\$ 29,712,920	\$ 24,191,371
Federal grants	14,125,014	-	14,125,014	-	-	-	-	14,125,014	10,288,273
Other state funding	961,913	-	961,913	-	-	-	-	961,913	951,129
Private contributions and grants of finar	2,802,972	37,500	2,840,472	-	-	-	-	2,840,472	768,211
Contributions of nonfinancial assets	946,880	-	946,880	-	-	-	-	946,880	475,789
Investment income	197,380	-	197,380	-	-	-	-	197,380	17,045
Other income	1,133,912	-	1,133,912	1,534,703	-	1,534,703	(1,534,515)	1,134,100	1,261,827
Net assets released from restrictions	135,515	(135,515)	-	-	-	-	-	-	-
Total revenue	50,016,506	(98,015)	49,918,491	1,534,703	-	1,534,703	(1,534,515)	49,918,679	37,953,645
EXPENSES:									
Program services:									
General instructional	17,774,749	-	17,774,749	-	-	-	-	17,774,749	14,707,688
General non-instructional	18,326,571	-	18,326,571	350,838	-	350,838	(1,534,515)	17,142,894	13,856,603
Special education	6,979,438	-	6,979,438	-	-	-	-	6,979,438	5,957,825
Special programs	853,826	-	853,826	-	-	-	-	853,826	731,642
Support services:									
Administration	1,950,325	-	1,950,325	425,494	-	425,494	-	2,375,819	2,242,497
Total expenses	45,884,909	-	45,884,909	776,332	-	776,332	(1,534,515)	45,126,726	37,496,255
Change in net assets	4,131,597	(98,015)	4,033,582	758,371	-	758,371	-	4,791,953	457,390
Net assets, beginning of year	8,290,568	144,908	8,435,476	1,458,129	-	1,458,129	-	9,893,605	9,436,215
Net assets, end of year	\$ 12,422,165	\$ 46,893	\$ 12,469,058	\$ 2,216,500	\$ -	\$ 2,216,500	\$ -	\$ 14,685,558	\$ 9,893,605

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS AND SUBSIDIARY
COMBINING STATEMENT OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2023
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2022

	CMO	Akili Academy	Harriet Tubman	Dorothy Height	Mildred Osborne	Interfund Eliminations	2023 Total	2022 Total
<u>CURRENT ASSETS:</u>								
Cash and cash equivalents	\$ 160,866	\$ 744,741	\$ 1,278,414	\$ 1,202,653	\$ -	\$ -	\$ 3,386,674	\$ 608,579
Investments	60,145	835,732	2,730,353	2,167,141	-	-	5,793,371	8,431,044
Grant receivables	-	1,971,171	1,046,005	593,604	-	-	3,610,780	2,477,812
Other receivables	2,497,623	115,265	34,961	29,504	-	-	2,677,353	49,645
Prepaid expenses	20,750	-	98,171	42,100	175,484	-	336,505	59,390
Due to/from affiliate	983,299	(4,809)	(1,417,756)	627,535	(188,269)	-	-	-
Total current assets	3,722,683	3,662,100	3,770,148	4,662,537	(12,785)	-	15,804,683	11,626,470
<u>PROPERTY AND EQUIPMENT, NET</u>								
	-	17,222	807,484	118,856	-	-	943,562	759,490
<u>OTHER ASSETS:</u>								
Right of use assets - operating leases, net	-	51,752	48,637	39,165	-	-	139,554	-
Deposits	-	2,500	2,494	47,041	-	-	52,035	52,035
Total other assets	-	54,252	51,131	86,206	-	-	191,589	52,035
Total assets	\$ 3,722,683	\$ 3,733,574	\$ 4,628,763	\$ 4,867,599	\$ (12,785)	\$ -	\$ 16,939,834	\$ 12,437,995
<u>CURRENT LIABILITIES</u>								
Accounts payable	\$ 243,646	\$ 542,312	\$ 861,975	\$ 741,512	\$ -	\$ -	\$ 2,389,445	\$ 1,797,317
Accrued expenses	3,920	332,647	1,002,992	396,068	-	-	1,735,627	1,895,253
Deferred revenue	-	-	-	-	-	-	-	89,500
Current portion of operating leases	-	24,841	25,166	18,799	-	-	68,806	-
Current portion of long-term debt	-	-	14,734	-	-	-	14,734	14,299
Total current liabilities	247,566	899,800	1,904,867	1,156,379	-	-	4,208,612	3,796,369
<u>NON-CURRENT LIABILITIES</u>								
Operating leases, net of current portion	-	26,911	23,471	20,366	-	-	70,748	-
Long-term debt, net of current portion	-	-	191,416	-	-	-	191,416	206,150
Total non-current liabilities	-	26,911	214,887	20,366	-	-	262,164	206,150
Total liabilities	247,566	926,711	2,119,754	1,176,745	-	-	4,470,776	4,002,519
<u>NET ASSETS</u>								
Without donor restrictions	3,434,151	2,806,863	2,503,082	3,690,854	(12,785)	-	12,422,165	8,290,568
With donor restrictions	40,966	-	5,927	-	-	-	46,893	144,908
Total net assets	3,475,117	2,806,863	2,509,009	3,690,854	(12,785)	-	12,469,058	8,435,476
Total liabilities and net assets	\$ 3,722,683	\$ 3,733,574	\$ 4,628,763	\$ 4,867,599	\$ (12,785)	\$ -	\$ 16,939,834	\$ 12,437,995

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS AND SUBSIDIARY
COMBINING STATEMENT OF ACTIVITIES BY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

	CMO	Akili Academy	Harriet Tubman	Dorothy Height	Mildred Osborne	Interfund Eliminations	2023 Total	2022 Total
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>								
<u>REVENUE:</u>								
State/Local per pupil aid	\$ -	\$ 7,484,927	\$ 11,516,400	\$ 10,711,593	\$ -	\$ -	\$ 29,712,920	\$ 24,191,371
Federal grants	78,415	5,274,934	4,593,870	3,807,772	370,023	-	14,125,014	10,288,273
Other state funding	-	261,828	372,305	327,780	-	-	961,913	951,129
Private contributions and grants of financial assets	2,573,315	129,652	39,680	60,325	-	-	2,802,972	457,211
Contributions of nonfinancial assets	-	342,549	276,274	328,057	-	-	946,880	475,789
Investment income	1,731	34,402	92,501	68,746	-	-	197,380	17,045
Other income	2,343,805	121,884	1,553,814	187,883	-	(3,073,474)	1,133,912	1,261,827
Net assets released from restrictions	128,375	-	7,140	-	-	-	135,515	293,366
Total revenue	5,125,641	13,650,176	18,451,984	15,492,156	370,023	(3,073,474)	50,016,506	37,936,011
<u>EXPENSES:</u>								
Program services:								
General instructional	283,140	4,846,400	6,278,490	6,166,938	370,481	(170,700)	17,774,749	14,707,688
General non-instructional	500,587	4,887,371	9,567,484	6,017,044	12,160	(2,658,075)	18,326,571	14,263,570
Special education	504,024	2,096,849	3,387,291	2,200,968	-	(1,209,694)	6,979,438	5,957,825
Special programs	-	272,584	186,573	394,502	167	-	853,826	731,642
Support services:								
Administration	1,950,325	-	-	-	-	-	1,950,325	1,765,643
Total expenses	3,238,076	12,103,204	19,419,838	14,779,452	382,808	(4,038,469)	45,884,909	37,426,368
<u>TRANSFERS IN/OUT:</u>								
Transfers in	963,564	125	425	150	-	(964,264)	-	-
Total transfers in/out	963,564	125	425	150	-	(964,264)	-	-
Change in net assets without donor restrictions	2,851,129	1,547,097	(967,429)	712,854	(12,785)	731	4,131,597	509,643
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>								
State/Local per pupil aid	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
Other state funding	-	-	-	-	-	-	-	-
Private contributions and grants of financial assets	25,000	-	12,500	-	-	-	37,500	311,000
Contributions of nonfinancial assets	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Net assets released from restrictions	(128,375)	-	(7,140)	-	-	-	(135,515)	(293,366)
Change in net assets with donor restrictions	(103,375)	-	5,360	-	-	-	(98,015)	17,634
Net assets, beginning of year	726,632	1,259,766	3,471,078	2,978,000	-	-	8,435,476	7,908,199
Net assets, end of year	\$ 3,475,117	\$ 2,806,863	\$ 2,509,009	\$ 3,690,854	\$ (12,785)	\$ -	\$ 12,469,058	\$ 8,435,476

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS AND SUBSIDIARY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Kate Mehok, CEO</u>
Time served	06/30/22 through <u>06/30/23</u>
Salary	\$ 200,644
Benefits - insurance	11,263
Benefits - retirement	8,155
Benefits - cellphone	1,281
Reimbursements	258
Travel	163
Special meals	<u>107</u>
Total compensation, benefits, and other payments	<u>\$ 221,871</u>

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



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

To the Board of Directors and Management of
Crescent City Schools 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 Crescent City Schools and Subsidiary (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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



To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crescent City Schools and Subsidiary'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 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 the Crescent City Schools and Subsidiary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crescent City Schools and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 28, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Crescent City Schools and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Crescent City Schools and Subsidiary's major federal programs for the year ended June 30, 2023. Crescent City Schools and Subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Crescent City Schools and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 Crescent City Schools and Subsidiary 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 Crescent City Schools and Subsidiary's compliance with the compliance requirements referred to above.



To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

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 Crescent City Schools and Subsidiary's federal programs.

Auditors' 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 Crescent City Schools and Subsidiary'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 Crescent City Schools and Subsidiary'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 Crescent City Schools and Subsidiary'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 Crescent City Schools and Subsidiary'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 Crescent City Schools and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.



To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 28, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

CRESCENT CITY SCHOOLS AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 1,541,770
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 933,774
Special Education - Preschool Grants	84.173	<u>10,594</u>
Total Special Education Cluster		944,368
Education for Homeless Children and Youth	84.196	20,704
Charter Schools	84.282	450,210
Education Research, Development, and Dissemination	84.305	-
English Language Acquisition State Grants	84.365	51,485
Supporting Effective Instruction State Grants	84.367	147,501
Student Support and Academic Enrichment Program	84.424	90,000
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3,124,566
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3,977,636
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	<u>115,168</u>
Total Education Stabilization Fund		<u>7,217,370</u>
 Total U.S. Department of Education		 <u>10,463,408</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	763,385
National School Lunch Program	10.555	1,813,864
COVID-19 Supply Chain Assistance	10.555	76,247
Summer Food Service Program for Children	10.559	<u>18,833</u>
Total Child Nutrition Cluster		2,672,329
Child and Adult Care Food Program	10.558	<u>1,271,617</u>
 Total U.S. Department of Agriculture		 <u>3,943,946</u>
<u>U.S. Department of Treasury</u>		
COVID-19 Emergency Connectivity Fund Program	32.009	<u>622,474</u>
 Total U.S. Department of Treasury		 <u>622,474</u>
 Total expenditures of federal awards		 <u>\$ 15,029,828</u>

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Crescent City Schools and Subsidiary (CCS) under programs of the federal government for the year ended June 30, 2023. The information in the schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of CCS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CCS.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

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

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2023.

Non-Cash Assistance

Nonmonetary assistance in the amount of \$72,835 and \$622,474 is reported in the schedule of expenditures of federal awards as AL Nos. 10.555 and 32.009, respectively, at the fair market value of the commodities/equipment received and disbursed.

(3) INDIRECT COST RATE

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

CRESCENT CITY SCHOOLS AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Crescent City Schools and Subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Crescent City Schools and Subsidiary expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were the Education Stabilization Fund (AL Nos. 84.425D, 84.425U and 84.425W), the Special Education Cluster (AL Nos. 84.027 and 84.173), and the Child Nutrition Cluster (AL Nos. 10.553, 10.555, and 10.559).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Crescent City Schools and Subsidiary was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2023.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the consolidated financial statements for the year ended June 30, 2023.

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

There were no findings related to major federal awards programs for the year ended June 30, 2023.

CRESCENT CITY SCHOOLS AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

There were no findings related to the consolidated financial statements for the year ended June 30, 2022.

II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

There were no findings and questioned costs related to major federal award programs for the year ended June 30, 2022.

III. MANAGEMENT LETTER

There was no management letter issued for the year ended June 30, 2022.

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

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management of
Crescent City Schools and Subsidiary
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Crescent City Schools and Subsidiary for the fiscal year ended June 30, 2023; 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 Crescent City Schools and Subsidiary is responsible for its performance and statistical data.

Crescent City Schools and Subsidiary 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.

The procedures and associated findings are as follows:

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

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

Results: No exceptions were found as a result of applying the procedure.



To the Board of Directors and Management of
Crescent City Schools and Subsidiary

Class Size Characteristics (Schedule 2)

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Results: No exceptions were found as a result of applying the procedure.

We were engaged by Crescent City Schools and Subsidiary 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.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of
Crescent City Schools and Subsidiary

We are required to be independent of Crescent City Schools and Subsidiary 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 and results of testing performed on the performance and statistical data accompanying the annual financial statements of the Crescent City Schools and Subsidiary, as required by Louisiana Revised Statute 24:514.I, and for the information and use of Crescent City Schools and Subsidiary, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 28, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

CRESCENT CITY SCHOOLS AND SUBSIDIARY
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2023

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom teacher salaries	\$ 3,083,057	
Other instructional staff salaries	616,417	
Instructional staff employee benefits	919,851	
Purchased professional and technical services	578,633	
Instructional materials and supplies	492,214	
Instructional equipment	-	
Total teacher and students interaction activities		\$ 5,690,172
Other instructional activities		109,731
Pupil support services	1,165,273	
Less: Equipment for pupil support services	-	
Net pupil support services		1,165,273
Instructional staff services	869,559	
Less: Equipment for instructional staff services	-	
Net instructional staff services		869,559
School administration	843,307	
Less: equipment for school administration	-	
Net school administration		843,307
Total general fund instructional expenditures (total of column B)		\$ 8,678,042
Total General fund equipment expenditures		\$ -
<u>CERTAIN LOCAL REVENUE SOURCES</u>		
Total local taxation revenue		\$ -
Total local earnings on investment in real property		\$ -
Total state revenue in lieu of taxes		\$ -
Nonpublic textbook revenue		\$ -
Nonpublic transportation revenue		\$ -

CRESCENT CITY SCHOOLS AND SUBSIDIARY
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2023
AS OF OCTOBER 1, 2022

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	36%	233	10%	65	37%	238	17%	108
Elementary/Activity Classes	17%	24	20%	28	52%	72	17%	16
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
CRESCENT CITY SCHOOLS
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED
JUNE 30, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Governance of
Crescent City Schools

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Crescent City Schools' management is responsible for those C/C areas identified in the SAUPs.

Crescent City Schools 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 LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

We were engaged by Crescent City Schools 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 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 those 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 Crescent City Schools 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.

December 28, 2023
New Orleans, Louisiana


Certified Public Accountants

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES
JULY 1, 2022– JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including (1) preparing, (2) adopting, (3) monitoring, and (4) amending the budget
 - 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.
 - c) ***Disbursements***, including (1) processing, (2) reviewing, and (3) approving.
 - d) ***Receipts/Collections***, including (1) receiving, (2) recording, and (3) preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - 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.
 - 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.
 - 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).
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of performing the procedures.

BOARD OR FINANCE COMMITTEE

- 2. **Procedures:** 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, bylaws, or other equivalent document.
 - b) For those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - 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, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of performing the procedures.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

BANK RECONCILIATIONS

3. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of performing the procedures.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 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:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - 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.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

COLLECTIONS (CONTINUED)

- 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/official verifies the reconciliation.
6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "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 are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of performing the procedures.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. **Procedures:** 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 the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - 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.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. **Procedures:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were found as a result of performing the procedures.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

12. **Procedures:** 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.
13. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- 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 (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. **Procedures:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly 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). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of performing the procedures.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

15. **Procedures:** Obtain from management a listing of all travel and travel-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:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS) (CONTINUED)

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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 (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of performing the procedures.

CONTRACTS

16. **Procedures:** 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, excluding the practitioner's contract, and:

- 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.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
- d) Randomly select one 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.

Results: No exceptions were found as a result of performing the procedures.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

PAYROLL AND PERSONNEL

17. **Procedure:** 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 or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
20. **Procedure:** 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.

Results: No exceptions were found as a result of performing the procedures.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

ETHICS

21. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. **Procedures:** Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of performing the procedures.

DEBT SERVICE

23. **Procedure:** Obtain a listing of bonds/notes and other debt instruments 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 State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. **Procedure:** 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable. Crescent City Schools did not have bonds/notes outstanding at the end of the year.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

FRAUD NOTICE

25. **Procedure:** 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 the entity reported the misappropriation(s) to the legislative auditor and district attorney of the parish in which the entity is domiciled.
26. **Procedure:** Observe that the entity 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.

Results: No exceptions were found as a result of performing the procedures.

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

27. **Procedures:** Perform the following procedures:
- a) Obtain and inspect the entity'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.
 - b) Obtain and inspect the entity'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 3 months.
 - c) Obtain a listing of the entity'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.
28. **Procedures:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022– JUNE 30, 2023

SEXUAL HARASSMENT

29. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
30. **Procedure:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. **Procedure:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that 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;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: CCS as a charter school is not subject to the sexual harassment law, R.S. 42:344.