

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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As of and For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of New Orleans Military and Maritime Academy, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Orleans Military and Maritime Academy, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020 on our consideration of New Orleans Military and Maritime Academy Inc.'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 New Orleans Military and Maritime Academy Inc.'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 New Orleans Military and Maritime Academy Inc.'s internal control over financial reporting and compliance.

Hienz & Macaluso, LLP

Metairie, LA
December 30, 2020

FINANCIAL STATEMENTS

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current Assets:

Unrestricted cash and cash equivalents	\$ 5,008,908
Restricted cash	103,396
Grants receivable	642,880
Investments	202,735
Investments - restricted	100,000
Prepaid expenses	28,715
Total current assets	<u>6,086,634</u>

Noncurrent Assets:

Deposits	65,100
Property and equipment, net	16,018,176
Total noncurrent assets	<u>16,083,276</u>
Total assets	<u>\$ 22,169,910</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 102,683
Notes payable current maturity	529,992
Accrued salaries and benefits	498,173
Total current liabilities	<u>1,130,848</u>

Noncurrent Liabilities:

Bonds payable (net of bond issuance costs)	10,647,121
Notes payable less current maturity	1,346,200
Total noncurrent liabilities	<u>11,993,321</u>
Total liabilities	<u>13,124,169</u>

Net assets:

Without donor restrictions	9,045,741
With donor restrictions	-
Total net assets	<u>9,045,741</u>
Total liabilities and net assets	<u>\$ 22,169,910</u>

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues:			
State public school funding	\$ 10,107,544	\$ -	\$ 10,107,544
Federal funding	958,753	-	958,753
Other state funding	106,429	-	106,429
Interest income	383,043	-	383,043
Grants	342,093	-	342,093
Contributions and donations	77,883	-	77,883
Other revenue	97,236	-	97,236
Net assets released from restrictions	100,000	(100,000)	-
Total Revenues	<u>12,172,981</u>	<u>(100,000)</u>	<u>12,072,981</u>
Expenses:			
Instructional Services:			
Regular programs	3,907,444	-	3,907,444
School administration	1,374,605	-	1,374,605
Pupil support services	634,599	-	634,599
Other instructional programs	938,958	-	938,958
Special programs	355,192	-	355,192
Special education programs	384,167	-	384,167
Career and technical education programs	146,085	-	146,085
Instructional staff services	642,037	-	642,037
Student transportation services	781,698	-	781,698
Food services	328,953	-	328,953
Total Instructional Services	<u>9,493,738</u>	<u>-</u>	<u>9,493,738</u>
Support Services:			
Debt service	552,004	-	552,004
Operation and maintenance of plant service	1,094,318	-	1,094,318
Facility acquisition and construction	723,036	-	723,036
Business services	276,896	-	276,896
Central services	7,015	-	7,015
General administration	108,732	-	108,732
Total Support Services	<u>2,762,001</u>	<u>-</u>	<u>2,762,001</u>
Total Expenses	<u>12,255,739</u>	<u>-</u>	<u>12,255,739</u>
Change in net assets	(82,758)	(100,000)	(182,758)
Net assets, beginning of period	<u>9,128,499</u>	<u>100,000</u>	<u>9,228,499</u>
Net assets, end of period	<u><u>\$ 9,045,741</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,045,741</u></u>

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>	<u>Total Expenses</u>
	<u>Instructional</u>	<u>Management and General</u>	
Expenses:			
Salaries	6,126,343	412,692	\$ 6,539,035
Retirement	97,328	4,126	101,454
Other Benefits	470,290	38,468	508,758
Payroll Taxes	478,485	26,194	504,679
Accounting	3,319	269,931	273,250
Other Professional Services	434,619	131,933	566,552
Rent	205,464	97,771	303,235
Travel	26,811	500	27,311
Depreciation Expense	-	625,700	625,700
Insurance	-	161,406	161,406
Other	119,279	617,692	736,971
Repairs and Maintenance	11,000	225,098	236,098
Transportation	775,790	-	775,790
Food Service Management	317,543	-	317,543
Supplies	382,684	58,616	441,300
Utilities	-	91,874	91,874
Communication	44,783	-	44,783
	<u>9,493,738</u>	<u>2,762,001</u>	<u>12,255,739</u>

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:

Change in net assets	\$ (182,758)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	650,234
Donated investments	(172,254)
Unrealized losses on investments	2,789
Dividends reinvested	(1,845)
Decrease in grants receivable	127,789
Decrease in prepaid expenses	46,713
Decrease in accounts payable	(3,323)
Increase in accrued salaries and benefits	107,065
Net cash provided by operating activities	<u><u>574,410</u></u>

Cash Flows from Investing Activities:

Purchases of property and equipment	(64,882)
Net cash (used) in investing activities	<u><u>(64,882)</u></u>

Cash Flows from Financing Activities:

Proceeds from notes payable	1,346,200
Payments on notes payable	(39,060)
Net cash provided by financing activities	<u><u>1,307,140</u></u>

Net increase in cash and cash equivalents	1,816,668
Cash and cash equivalents, beginning of period	<u>3,295,636</u>
Cash and cash equivalents, end of period	<u><u>\$ 5,112,304</u></u>

Reconciliation to Statement of Financial Position

Unrestricted cash and cash equivalents	\$ 5,008,908
Restricted cash	103,396
Cash and cash equivalents per Statement of Cash Flows	<u><u>\$ 5,112,304</u></u>

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ <u>478,200</u>
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Supplemental disclosure of non-cash investing and financing activities:

Donated investments	\$ <u><u>172,254</u></u>
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The accompanying notes are an integral part of these financial statements.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – Summary of Significant Accounting Policies:

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

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the School and its subsidiaries NOMMA Master Tenant, LLC, NOMMA Investments, Inc., NOMMA Real Estate, LLC and DV-NOMMA QEI, LLC. The School has controlling financial interest through direct ownership of a majority interest as well as an economic interest in these entities. All significant intercompany accounts and transactions have been eliminated. Beginning net assets as of June 30, 2019, increased by \$2,073,032 as a result of the consolidation.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. The consolidated financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2020, there were no net assets with donor restrictions.

Use of Estimates

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – Summary of Significant Accounting Policies: (continued)

Revenues

The School's primary sources of funding are through the state public school funding and federal grants, as well as private donations. Federal grants are recorded on a cost reimbursement basis. An accrual is made at the time that the request for reimbursement is submitted.

Grants and Other Receivables

All receivables are reported at their net realizable value. All receivables are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

Property and Equipment

Property and equipment with a value equal to or greater than \$5,000 is capitalized at cost or estimated fair value if donated. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Income Taxes

The School is operating under Section 501(c) (3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. NOMMA Master Tenant, LLC, NOMMA Real Estate, LLC and DV-NOMMA QEI, LLC are limited liability companies and disregarded for income tax purposes. NOMMA Investments, Inc. has no taxable income. Accordingly, no provision for income taxes is included in the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the School has considered all restricted and unrestricted cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2020 the School did not hold any cash equivalents.

Investments

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

Bond Issuance Costs

Bond issuance costs ("costs") associated with the Qualified School Construction Bonds and Qualified Zone Academy Bonds issued by the Louisiana Community Development Authority are carried at net cost, reduce the face value of the accompanying bonds on the statement of financial position and are being amortized over the life of the accompanying bonds. At June 30, 2020, the costs had a gross value of \$539,215 with accumulated amortization of \$186,336. For the year ended June 30, 2020, amortization expense on the costs was \$24,534. Estimated yearly amortization expense for each of the next five years is \$24,534 with \$230,209 to be amortized in the years thereafter.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – Summary of Significant Accounting Policies: (continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the School, which is in substance, unconditional. Contributions that are restricted by the donor are reported in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The School uses the allowance method to determine uncollectible promises to give.

Paid Time Off and Accrued Salaries

The School's staff is eligible to earn paid time off in addition to school holidays and break periods. At June 30, 2020, the School's liability for paid time off was \$0. As of June 30, 2020, the School has accrued \$498,173 for employee salaries and related benefits earned as of that date.

New Accounting Pronouncement

In June 2018, the FASB issued ASU No. 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". ASU No. 2018-08 should assist entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for fiscal years beginning after December 15, 2018. The School has adopted the provisions of ASU No. 2018-08 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2019.

Recent Accounting Pronouncements – Not Yet Adopted

In January 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021. Management is currently evaluating the impact of adopting the new leases standard on its financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 supersedes most current revenue recognition guidance, including industry-specific guidance, and requires expanded disclosures about revenue recognition to enable financial statement users to understand the nature, timing, amount, and uncertainty of revenue and cash flow arising from contracts with customers. The effective date of ASU 2014-09 has been delayed until annual periods beginning after December 15, 2019. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – Cash and Cash Equivalents:

At June 30, 2020, cash consists of demand deposits in a local bank of \$5,112,304. At June 30, 2020, cash in the amount of \$103,396 is restricted for the loan associated with the construction of the school's permanent campus.

The School maintains cash balances at a local bank. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, these accounts may exceed the federally insured limits; however the School has not incurred any losses as a result.

NOTE 3 – Investments:

Investments consist of a mutual fund stated at fair value of \$302,735 based on its quoted price in active markets (level 1 measurement) at June 30, 2020. Interest and dividends earned for the year ended June 30, 2020 was \$1,845.

NOTE 4 – Fair Value Measurements:

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – Fair Value Measurements: (continued)

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

Mutual Fund. Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.

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

NOTE 5 – Concentrations:

For the year ended June 30, 2020, the School received approximately 93% of its total revenues from Federal and State sources.

NOTE 6 – Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time, although the School expects any such amounts to be immaterial.

NOTE 7 – Retirement Plan:

Effective January 1, 2012, the School executed a Multiple Employer Participation Agreement, electing to become a participating employer in a multiple employer 401(k) plan for all regular employees who are 21 years of age or older. An employee becomes eligible to participate in the plan upon completing one (1) month of service. Contributions to the plan are made by way of pre-tax salary deferrals and are made at the sole discretion of the employee up to the maximum amount allowed by federal law. The School will make a matching contribution equal to 100% of the first 3% of participants' elective deferrals and 50% of the next 2%.

All employees are immediately vested in their contributions. There is a 3-year vesting period for employer profit-sharing contributions. For the year ended June 30, 2020, the School recorded retirement contributions in the amount of \$101,454.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – Expense Allocation:

As required by FASB Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) — Presentation of Financial Statements of Not-for-Profit Entities, the School has presented a statement of functional expenses as part of its financial statements. Any costs related to activities that constitute direct conduct or direct supervision of program services are classified as program expenses. Any costs related to administration are functionally classified as supporting service expenses. The financial statements of the School report certain categories of expenses that are attributable to more than one program or supporting function. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Salaries and employee benefits have been allocated based on time and effort. Professional services, other, supplies and communication expenses have been allocated based on actual expenses.

NOTE 9 – Board Members’ Compensation:

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

NOTE 10 – Net Assets with Donor Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified and /or time restriction by donors as follows:

Youth Force NOLA implementation	<u>\$ 100,000</u>
	<u><u>\$ 100,000</u></u>

At June 30, 2020, there were no net assets with donor restrictions.

NOTE 11 – Uncertain Income Taxes:

The School adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC. The implementation of this topic had no impact on the statement of financial position or statement of activities. The School’s information returns through June 30, 2018 have been filed appropriately. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School’s tax filings are subject to audit by various taxing authorities. The School’s open audit periods are the fiscal years ended June 30, 2017 through 2019.

Management has evaluated the School’s tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 – Property and Equipment:

At June 30, 2020, property and equipment consists of the following:

	Balance			Balance
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Building and improvements	\$ 18,928,783	\$ 25,330	\$ -	\$ 18,954,113
Machinery and equipment	300,896	39,552	-	340,448
Leasehold improvements	225,014	-	-	225,014
Construction in progress	77,729	-	-	77,729
Less: accumulated depreciation	<u>(2,953,428)</u>	<u>(625,700)</u>	-	<u>(3,579,128)</u>
	<u>\$ 16,578,994</u>	<u>\$ (560,818)</u>	<u>-</u>	<u>\$ 16,018,176</u>

For the year ended June 30, 2020, depreciation expense was \$625,700. Depreciation is calculated using the straight line method with useful lives of 3 to 40 years.

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

NOTE 13 – Notes Payable:

On April 23, 2015, the School obtained a fixed rate revolving line of credit (the loan) in the amount of \$700,000 at 4.75% maturing April 23, 2021. Effective May 23, 2015, the loan converted to a term note with 59 monthly payments of \$5,471 and a final payment of \$525,421 on April 23, 2021. At June 30, 2020 the balance on the loan is \$529,992. The loan is unsecured. For the year ended June 30, 2020, interest expense on the loan was \$26,590.

On April 16, 2020, the School received a \$1,346,200 loan under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA). Interest on the loan is 1%. The loan requires monthly payments of \$75,382 beginning ten months after the end of the covered period (October 17, 2020). Management expects that this loan will be repaid by SBA and that all expenditures paid from the loan proceeds will be approved as eligible for loan forgiveness under the requirements of the PPP and has applied for forgiveness as of the date of this report. Any amounts not forgiven would be amortized over a period of two years.

At June 30, 2020, future minimum payments on the notes payable are as follows:

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 – Notes Payable: (continued)

<u>Year Ended</u> <u>June 30th</u>	<u>Amount</u>
2021	\$ 529,992
2022	<u>1,346,200</u>
Total	<u><u>\$ 1,876,192</u></u>

NOTE 14 – Bonds Payable:

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

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

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

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

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

For the year ended June 30, 2020, interest expense on the bonds was \$463,100.

A summary of changes in bonds payable follows:

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 – Bonds Payable: (continued)

<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>	<u>Amounts due within one year</u>
\$ 11,000,000	\$ -	\$ -	\$ 11,000,000	\$ -
<u>\$ 11,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000,000</u>	<u>\$ -</u>

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

<u>Year ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 463,100	\$ 463,100
2022	-	463,100	463,100
2023	-	463,100	463,100
2024	-	463,100	463,100
2025	-	463,100	463,100
2026-2030	-	2,315,500	2,315,500
2031-2035	11,000,000	2,006,767	13,006,767
	<u>\$ 11,000,000</u>	<u>\$ 6,637,767</u>	<u>\$ 17,637,767</u>

NOTE 15 – Liquidity and Availability of Resources:

At June 30, 2020, the School has financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditures consisting of the following:

Unrestricted cash and cash equivalents	\$ 5,008,908
Grants receivable	642,880
Investments	202,735
	<u>\$ 5,854,523</u>

None of the assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 – Date of Management’s Review:

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 30, 2020, and determined that no events occurred that require disclosure, except as noted below. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business, and the financial markets have recently experienced significant volatility. While the School has been immediately impacted by the adverse conditions in the financial markets, the long term impact on the School's operations is uncertain at this time. The School is following the guidelines of the Louisiana Department of Health along with federal and state of Louisiana guidelines as they relate to COVID-19.

SUPPLEMENTARY INFORMATION

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	<u>NOMMA</u>	<u>NOMMA Investments</u>	<u>NOMMA Master Tenant</u>	<u>NOMMA Real Estate</u>	<u>DV- NOMMA QEI</u>	<u>Eliminating Entries</u>	<u>Totals</u>
ASSETS							
Current Assets:							
Unrestricted cash and cash equivalent	\$ 4,571,849	\$ 100	\$ -	\$ 436,959	\$ -	\$ -	\$ 5,008,908
Restricted cash	95,388	-	-	8,008	-	-	103,396
Grants receivable	642,880	-	-	-	-	-	642,880
Accounts receivable	-	-	523,180	714,760	-	(1,237,940)	-
Interest receivable	131,522	-	11,051	-	116,807	(259,380)	-
Investments	202,735	-	-	-	-	-	202,735
Investments - restricted	100,000	-	-	-	-	-	100,000
Prepaid expenses	28,715	-	-	-	-	-	28,715
Total current assets	<u>5,773,089</u>	<u>100</u>	<u>534,231</u>	<u>1,159,727</u>	<u>116,807</u>	<u>(1,497,320)</u>	<u>6,086,634</u>
Noncurrent Assets:							
Investment in subsidiary (at cost)	2,403,752	3,055,352	92,224	-	-	(5,551,328)	-
Deposits	65,000	-	-	100	-	-	65,100
Property and equipment, net	672,096	-	-	15,346,080	-	-	16,018,176
Note receivable	13,158,965	-	1,473,417	-	17,521,000	(32,153,382)	-
Prepaid land lease	-	-	-	1,083,851	-	(1,083,851)	-
Total noncurrent assets	<u>16,299,813</u>	<u>3,055,352</u>	<u>1,565,641</u>	<u>16,430,031</u>	<u>17,521,000</u>	<u>(38,788,561)</u>	<u>16,083,276</u>
Total assets	<u>\$ 22,072,902</u>	<u>\$ 3,055,452</u>	<u>\$ 2,099,872</u>	<u>\$ 17,589,758</u>	<u>\$ 17,637,807</u>	<u>\$ (40,285,881)</u>	<u>\$ 22,169,910</u>
LIABILITIES AND NET ASSETS							
Current Liabilities:							
Accounts payable	\$ 102,683	\$ -	\$ -	\$ 471,147	\$ -	\$ (471,147)	\$ 102,683
Notes payable current maturity	529,992	-	-	-	-	-	529,992
Due to related party	372,321	-	625,260	-	-	(997,581)	-
Accrued salaries and benefits	498,173	-	-	-	-	-	498,173
Accrued interest payable (payable from restricted assets)	-	-	-	-	116,795	(116,795)	-
Total current liabilities	<u>1,503,169</u>	<u>-</u>	<u>625,260</u>	<u>471,147</u>	<u>116,795</u>	<u>(1,585,523)</u>	<u>1,130,848</u>
Noncurrent Liabilities:							
Bonds payable (net of bond issuance costs)	10,647,121	-	-	-	-	-	10,647,121
Notes payable less current maturity	2,817,757	-	-	16,963,758	13,158,965	(31,594,280)	1,346,200
Total noncurrent liabilities	<u>13,464,878</u>	<u>-</u>	<u>-</u>	<u>16,963,758</u>	<u>13,158,965</u>	<u>(31,594,280)</u>	<u>11,993,321</u>
Total liabilities	<u>14,968,047</u>	<u>-</u>	<u>625,260</u>	<u>17,434,905</u>	<u>13,275,760</u>	<u>(33,179,803)</u>	<u>13,124,169</u>
Net assets:							
Without donor restrictions	7,104,855	3,055,452	1,474,612	154,853	4,362,047	(7,106,078)	9,045,741
With donor restrictions	-	-	-	-	-	-	-
Total net assets	<u>7,104,855</u>	<u>3,055,452</u>	<u>1,474,612</u>	<u>154,853</u>	<u>4,362,047</u>	<u>(7,106,078)</u>	<u>9,045,741</u>
Total liabilities and net assets	<u>\$ 22,072,902</u>	<u>\$ 3,055,452</u>	<u>\$ 2,099,872</u>	<u>\$ 17,589,758</u>	<u>\$ 17,637,807</u>	<u>\$ (40,285,881)</u>	<u>\$ 22,169,910</u>

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
JUNE 30, 2020

	NOMMA			NOMMA Investments			NOMMA Master Tenant		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions	
Revenues:									
State public school funding	\$ 10,107,544	\$ -	\$ 10,107,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal funding	958,753	-	958,753	-	-	-	-	-	-
Other state funding	106,429	-	106,429	-	-	-	-	-	-
Interest income	499,069	-	499,069	-	-	-	14,734	-	14,734
Grants	342,093	-	342,093	-	-	-	-	-	-
Contributions and donations	77,883	-	77,883	-	-	-	-	-	-
Lease revenue	-	-	-	-	-	-	626,778	-	626,778
Other revenue	97,236	-	97,236	-	-	-	-	-	-
Net assets released from restrictions	100,000	(100,000)	-	-	-	-	-	-	-
Total Revenues	12,289,007	(100,000)	12,189,007	-	-	-	641,512	-	641,512
Expenses:									
Instructional Services:									
Regular programs	3,907,444	-	3,907,444	-	-	-	-	-	-
School administration	1,374,605	-	1,374,605	-	-	-	-	-	-
Pupil support services	634,599	-	634,599	-	-	-	-	-	-
Other instructional programs	938,958	-	938,958	-	-	-	-	-	-
Special programs	355,192	-	355,192	-	-	-	-	-	-
Special education programs	384,167	-	384,167	-	-	-	-	-	-
Career and technical education programs	146,085	-	146,085	-	-	-	-	-	-
Instructional staff services	642,037	-	642,037	-	-	-	-	-	-
Student transportation services	781,698	-	781,698	-	-	-	-	-	-
Food services	328,953	-	328,953	-	-	-	-	-	-
Total Instructional Services	9,493,738	-	9,493,738	-	-	-	-	-	-
Support Services:									
Debt service	502,734	-	502,734	-	-	-	-	-	-
Operation and maintenance of plant service	988,961	-	988,961	-	-	-	-	-	-
Facility acquisition and construction	861,543	-	861,543	-	-	-	724,036	-	724,036
Business services	276,896	-	276,896	-	-	-	-	-	-
Central services	7,015	-	7,015	-	-	-	-	-	-
General administration	108,732	-	108,732	-	-	-	-	-	-
Total Support Services	2,745,881	-	2,745,881	-	-	-	724,036	-	724,036
Total Expenses	12,239,619	-	12,239,619	-	-	-	724,036	-	724,036
Change in net assets	49,388	(100,000)	(50,612)	-	-	-	(82,524)	-	(82,524)
Net assets, beginning of period	7,055,467	100,000	7,155,467	3,055,452	-	3,055,452	1,557,136	-	1,557,136
Net assets, end of period	\$ 7,104,855	\$ -	\$ 7,104,855	\$ 3,055,452	\$ -	\$ 3,055,452	\$ 1,474,612	\$ -	\$ 1,474,612

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
JUNE 30, 2020

	NOMMA Real Estate			DV - NOMMA QEI			Eliminating Entries	Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:										
State public school funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,107,544	\$ -	\$ 10,107,544
Federal funding	-	-	-	-	-	-	-	958,753	-	958,753
Other state funding	-	-	-	-	-	-	-	106,429	-	106,429
Interest income	769	-	769	116,807	-	116,807	(248,336)	383,043	-	383,043
Grants	-	-	-	-	-	-	-	342,093	-	342,093
Contributions and donations	-	-	-	-	-	-	-	77,883	-	77,883
Lease revenue	724,036	-	724,036	-	-	-	(1,350,814)	-	-	-
Other revenue	-	-	-	-	-	-	-	97,236	-	97,236
Net assets released from restrictions	-	-	-	-	-	-	-	100,000	(100,000)	-
Total Revenues	724,805	-	724,805	116,807	-	116,807	(1,599,150)	12,172,981	(100,000)	12,072,981
Expenses:										
Instructional Services:										
Regular programs	-	-	-	-	-	-	-	3,907,444	-	3,907,444
School administration	-	-	-	-	-	-	-	1,374,605	-	1,374,605
Pupil support services	-	-	-	-	-	-	-	634,599	-	634,599
Other instructional programs	-	-	-	-	-	-	-	938,958	-	938,958
Special programs	-	-	-	-	-	-	-	355,192	-	355,192
Special education programs	-	-	-	-	-	-	-	384,167	-	384,167
Career and technical education programs	-	-	-	-	-	-	-	146,085	-	146,085
Instructional staff services	-	-	-	-	-	-	-	642,037	-	642,037
Student transportation services	-	-	-	-	-	-	-	781,698	-	781,698
Food services	-	-	-	-	-	-	-	328,953	-	328,953
Total Instructional Services	-	-	-	-	-	-	-	9,493,738	-	9,493,738
Support Services:										
Debt service	180,811	-	180,811	116,795	-	116,795	(248,336)	552,004	-	552,004
Operation and maintenance of plant service	105,357	-	105,357	-	-	-	-	1,094,318	-	1,094,318
Facility acquisition and construction	488,271	-	488,271	-	-	-	(1,350,814)	723,036	-	723,036
Business services	-	-	-	-	-	-	-	276,896	-	276,896
Central services	-	-	-	-	-	-	-	7,015	-	7,015
General administration	-	-	-	-	-	-	-	108,732	-	108,732
Total Support Services	774,439	-	774,439	116,795	-	116,795	(1,599,150)	2,762,001	-	2,762,001
Total Expenses	774,439	-	774,439	116,795	-	116,795	(1,599,150)	12,255,739	-	12,255,739
Change in net assets	(49,634)	-	(49,634)	12	-	12	-	(82,758)	(100,000)	(182,758)
Net assets, beginning of period	204,487	-	204,487	4,362,035	-	4,362,035	(7,106,078)	9,128,499	100,000	9,228,499
Net assets, end of period	\$ 154,853	\$ -	\$ 154,853	\$ 4,362,047	\$ -	\$ 4,362,047	\$ (7,106,078)	\$ 9,045,741	\$ -	\$ 9,045,741

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE
AGENCY HEAD
JUNE 30, 2020

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

Purpose:	
Salary	<u>\$140,991</u>
Total	<u>\$140,991</u>

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of New Orleans Military and Maritime Academy, Inc. (the School) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Orleans Military and Maritime Academy Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Hienz & Macaluso, LLP
Metairie, LA
December 30, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited New Orleans Military and Maritime Academy's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of New Orleans Military and Maritime Academy's major federal programs for the year ended June 30, 2020. New Orleans Military and Maritime Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current year findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of New Orleans Military and Maritime Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Orleans Military and Maritime Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of New Orleans Military and Maritime Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, New Orleans Military and Maritime Academy 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, 2020.

Report on Internal Control Over Compliance

Management of New Orleans Military and Maritime Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered New Orleans Military and Maritime Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Orleans Military and Maritime Academy's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Hions & Macaluso, LLP
Metairie, LA
December 30, 2020

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures
<u>United States Department of Education</u>		
Passed through the Louisiana Department of Education Title I Grants to Local Educational Agencies	84.010	\$ 342,444
Career and Technical Education - Basic Grants to States	84.048	35,286
Supporting Effective Instruction State Grants	84.367	55,069
Special Education Grants to States	84.027	<u>243,465</u>
Total United States Department of Education		<u>676,264</u>
<u>United States Department of Agriculture</u>		
Passed through the Louisiana Department of Education National School Lunch Program	10.555	<u>262,654</u>
Total United States Department of Agriculture		<u>262,654</u>
Total Expenditures of Federal Awards		<u><u>\$ 938,918</u></u>

* Denotes major program.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of New Orleans Military and Maritime Academy, Inc. (the School) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

NOTE B – Summary of Significant Accounting Policies

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

NOTE C – Relationship to Financial Statements

Federal awards are included in federal sources in the statement of activities for the year ended June 30, 2020.

NOTE D – De Minimis Cost Rate

During the year ended June 30, 2020, the School did not elect to use the 10% De Minimis cost rate covered in §200.414 of the Uniform Guidance.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of New Orleans Military and Maritime Academy, Inc.
2. No control deficiencies were disclosed during the audit of the financial statements of New Orleans Military and Maritime Academy, Inc.
3. No instances of noncompliance material to the financial statements of New Orleans Military and Maritime Academy, Inc.
4. No control deficiencies relating to the audit of internal control over major federal award programs are reported on the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal programs for New Orleans Military and Maritime Academy, Inc. expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported by the Uniform Guidance.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
Title I Grants to Local Educational Agencies	84.010
Career and Technical Education – Grants to States	84.048

8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. New Orleans Military and Maritime Academy, Inc, did not qualify as a low-risk auditee.

B. Financial Statement Findings and Questioned Costs

There were no financial statement findings or questioned costs for the year ended June 30, 2020.

C. Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2020.

D. Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2020.

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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

There were no findings as of June 30, 2019.

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

There were no findings as of June 30, 2019.

Section III - Management Letter:

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

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



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the New Orleans Military and Maritime Academy, Inc. (the School); the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties) on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

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 among the following amounts reported on the schedule:
 - ❖ Total General Fund Instructional Expenditures
 - ❖ Total General Fund Equipment Expenditures
 - ❖ 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

No exceptions were noted.

Class Size Characteristics (Schedule 2)

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

No exceptions were noted.

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

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

No exceptions were noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

No exceptions were noted.

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

express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Hienz & Macaluso, LLP
Metairie, LA
December 30, 2020

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
New Orleans, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020**

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,486,001	
Other Instructional Staff Salaries	149,598	
Instructional Staff Employee Benefits	341,974	
Purchased Professional and Technical Services	751,054	
Instructional Materials and Supplies	160,838	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<hr/>	\$ 4,889,465
Other Instructional Activities		<hr/> \$ -
Pupil Support Services	-	
Less: Equipment for Pupil Support Services	<hr/> -	
Net Pupil Support Services		<hr/> \$ -
Instructional Staff Services	-	
Less: Equipment for Instructional Staff Services	<hr/> -	
Net Instructional Staff Services		<hr/> \$ -
School Administration	\$ 784,122	
Less: Equipment for School Administration	<hr/> -	
Net School Administration		<hr/> \$ 784,122
Total General Fund Instructional Expenditures (Total of Column B)		<hr/> <hr/> \$ 5,673,587
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<hr/> <hr/> \$ 170,689

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY, INC.
New Orleans, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020**

Certain Local Revenue Sources

Local Taxation Revenue:

Advalorem Taxes

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Result of Court Ordered Settlement (Ad Valorem)	-
Penalties/Interest on Ad Valorem Taxes	-
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)	-

Sales Taxes

Sales and Use Taxes - Gross	-
Sales/Use Taxes - Court Settlement	-
Penalties/Interest on Sales/Use Taxes	-
Sales/Use Taxes Collected Due to TIF	-
Total Local Taxation Revenue	\$ -

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ -

Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -

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

Class Size Characteristics
 As of October 1, 2019

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High	54%	213	39%	154	6%	25	0%	1
High Activity Classes	39%	11	61%	17	0%	0	0%	0
Combination								
Combination Activity Classes								

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