

**Crescent City Schools
and Consolidated Affiliate**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019



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Crescent City Schools
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June 30, 2020 and 2019

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Report



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Crescent City Schools
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Crescent City Schools (a nonprofit organization) (the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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 Organization'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 Organization'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 the Organization as of June 30, 2020 and 2019, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, and Cost Principles, and Audit Requirements for Federal Awards, and the accompanying schedule of compensation, benefits and other payments made to agency head 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The consolidating statements of financial position and the consolidating statements of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the Organization'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Car, Riggs & Ingram, L.L.C

Metairie, Louisiana
December 17, 2020



Financial Statements

Crescent City Schools
Consolidated Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 8,380,279	\$ 4,295,819
Restricted cash	25,454	21,663
Grant receivables	792,233	316,559
Other receivables	242,318	447,394
Prepaid expenses	170,306	165,356
Total current assets	9,610,590	5,246,791
Property and equipment, net	7,521,360	187,947
Deposits	56,738	71,191
Total assets	\$ 17,188,688	\$ 5,505,929
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 796,488	\$ 1,153,141
Accrued expenses	1,594,715	1,320,863
Deferred revenues	123,000	60,000
Current portion of long term debt	301,249	-
Total current liabilities	2,815,452	2,534,004
Noncurrent liabilities		
Long term debt, net deferred finance costs	6,470,079	-
Net assets		
Without donor restrictions	7,877,703	2,950,262
With donor restrictions	25,454	21,663
Total net assets	7,903,157	2,971,925
Total liabilities and net assets	\$ 17,188,688	\$ 5,505,929

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

Crescent City Schools
Consolidated Statement of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenue and Other Support			
Local per pupil aid - MFP	\$ 14,605,963	\$ -	\$ 14,605,963
Federal grants	6,163,494	-	6,163,494
State public school funds - MFP	11,427,495	-	11,427,495
Other grants, contributions, and donations	4,084,227	25,454	4,109,681
Other sources	2,002,873	-	2,002,873
Net assets released from restrictions	21,663	(21,663)	-
Total revenue and other support	38,305,715	3,791	38,309,506
Expenses			
<i>Program Services</i>			
Instructional	15,373,810	-	15,373,810
School administration	1,903,685	-	1,903,685
Pupil support services	3,653,297	-	3,653,297
Instructional staff services	2,335,589	-	2,335,589
<i>Supporting services</i>			
General administration	502,542	-	502,542
Central services	909,651	-	909,651
Food services	2,499,061	-	2,499,061
Business services	1,351,987	-	1,351,987
Ancillary services	4,848,652	-	4,848,652
Total expenses	33,378,274	-	33,378,274
Change in Net Assets	4,927,441	3,791	4,931,232
Net assets at beginning of year	2,950,262	21,663	2,971,925
Net assets at end of year	\$ 7,877,703	\$ 25,454	\$ 7,903,157

The accompanying notes are an integral part of this consolidated financial statement.

Crescent City Schools
Consolidated Statement of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2019 Total
Revenue and Other Support			
Local per pupil aid - MFP	\$ 12,389,221	\$ -	\$ 12,389,221
Federal grants	5,727,103	-	5,727,103
State public school funds - MFP	9,885,710	-	9,885,710
Other grants, contributions, and donations	880,210	21,663	901,873
Other sources	1,448,208	-	1,448,208
Total revenue and other support	30,330,452	21,663	30,352,115
Expenses			
<i>Program services</i>			
Instructional	14,129,046	-	14,129,046
School administration	1,683,387	-	1,683,387
Pupil support services	2,393,375	-	2,393,375
Instructional staff services	2,066,526	-	2,066,526
<i>Supporting services</i>			
General administration	411,400	-	411,400
Central services	737,264	-	737,264
Food services	2,364,492	-	2,364,492
Business services	1,202,351	-	1,202,351
Ancillary services	4,274,819	-	4,274,819
Total expenses	29,262,660	-	29,262,660
Change in Net Assets	1,067,792	21,663	1,089,455
Net assets at beginning of year	1,882,470	-	1,882,470
Net assets at end of year	\$ 2,950,262	\$ 21,663	\$ 2,971,925

The accompanying notes are an integral part of this consolidated financial statement.

Crescent City Schools
Consolidated Statement of Functional Expenses

<i>For the year ended June 30,</i>	Program Services					Support Services					2020 Total	
	Instructional	School administration	Pupil support services	Instructional staff services	Programs subtotal	General administration	Central services	Food services	Business services	Ancillary services		Support subtotal
Advertisement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,742	\$ -	\$ -	\$ -	\$ 43,742	\$ 43,742
Architect/engineering services	-	-	-	-	-	-	-	-	-	100,983	100,983	100,983
Audit/accounting services	-	-	-	-	-	-	-	-	56,623	-	56,623	56,623
Construction services	-	-	-	-	-	-	-	-	-	43,208	43,208	43,208
Custodial services	-	-	-	-	-	-	-	-	-	231,904	231,904	231,904
Depreciation	-	-	-	-	-	-	-	-	-	155,504	155,504	155,504
Dues/fees	1,125	-	70,884	-	72,009	501,724	10,284	-	247,149	-	759,157	831,166
Employee benefits	2,588,083	349,125	508,897	248,074	3,694,179	-	215,645	13,135	106,514	153,357	488,651	4,182,830
Food service	-	-	30,478	39,449	69,927	-	47,697	2,375,851	-	-	2,423,548	2,493,475
Insurance	-	-	7,396	-	7,396	-	12,148	-	278,736	-	290,884	298,280
Interest	-	-	-	-	-	-	-	-	-	173,447	173,447	173,447
Legal services	-	-	-	-	-	-	25,072	-	-	9,686	34,758	34,758
Medical services	-	-	22,129	-	22,129	-	19,020	-	-	-	19,020	41,149
Miscellaneous	937,045	-	25,978	382,822	1,345,845	-	190,935	-	118,145	204,618	513,698	1,859,543
Occupational/physical therapist services	127,790	-	-	-	127,790	-	-	-	-	-	-	127,790
Phone/internet	2,200	40,990	5,855	254,157	303,202	818	7,594	-	1,769	-	10,181	313,383
Printing	-	-	24,631	-	24,631	-	19,798	-	4,312	-	24,110	48,741
Rent/lease	198,979	-	3,209	-	202,188	-	17,566	-	-	895,635	913,201	1,115,389
Repairs and maintenance	-	-	-	-	-	-	-	-	-	512,767	512,767	512,767
Salaries	11,028,637	1,503,059	2,197,247	1,117,482	15,846,425	-	273,816	101,278	529,248	615,604	1,519,946	17,366,371
Student transportation	-	-	-	-	-	-	-	-	-	1,223,198	1,223,198	1,223,198
Supplies	887,748	10,511	56,973	293,605	1,248,837	-	20,671	8,797	9,491	177,264	216,223	1,465,060
Textbooks	291,759	-	-	-	291,759	-	-	-	-	-	-	291,759
Travel	10,064	-	-	-	10,064	-	5,663	-	-	-	5,663	15,727
Utilities	-	-	-	-	-	-	-	-	-	351,477	351,477	351,477
Total	\$ 16,073,430	\$ 1,903,685	\$ 2,953,677	\$ 2,335,589	\$ 23,266,381	\$ 502,542	\$ 909,651	\$ 2,499,061	\$ 1,351,987	\$ 4,848,652	\$ 10,111,893	\$ 33,378,274

The accompanying notes are an integral part of this consolidated financial statement.

Crescent City Schools
Consolidated Statement of Functional Expenses

For the year ended June 30,	Program Services					Support Services						2019 Total
	Instructional	School administration	Pupil support services	Instructional staff services	Programs subtotal	General administration	Central services	Food services	Business services	Ancillary services	Support subtotal	
Advertisement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,767	\$ -	\$ -	\$ -	\$ 15,767	\$ 15,767
Architect/engineering services	-	-	-	-	-	-	-	-	-	138,149	138,149	138,149
Audit/accounting services	-	-	-	-	-	-	-	-	46,685	-	46,685	46,685
Construction services	-	-	-	-	-	-	-	-	-	8,237	8,237	8,237
Custodial services	-	-	-	-	-	-	-	-	-	118,650	118,650	118,650
Depreciation	-	-	-	-	-	-	-	-	-	29,750	29,750	29,750
Dues/fees	14,510	-	1,411	-	15,921	410,232	8,627	-	251,328	-	670,187	686,108
Employee benefits	2,332,393	365,231	421,987	246,815	3,366,426	-	77,783	16,878	91,340	152,667	338,668	3,705,094
Food service	-	-	31,679	38,746	70,425	-	43,645	2,240,295	-	-	2,283,940	2,354,365
Insurance	-	-	-	-	-	-	8,031	-	196,472	-	204,503	204,503
Legal services	-	-	-	-	-	-	9,335	-	-	6,552	15,887	15,887
Medical services	-	-	3,647	-	3,647	-	14,834	-	-	-	14,834	18,481
Miscellaneous	861,710	-	2,949	440,436	1,305,095	-	174,261	-	113,930	184,616	472,807	1,777,902
Occupational/physical therapist services	91,827	-	-	-	91,827	-	-	-	-	-	-	91,827
Phone/internet	8,538	44,759	2,632	160,768	216,697	1,168	6,838	-	1,550	-	9,556	226,253
Printing	14,647	-	-	-	14,647	-	9,173	-	7,351	-	16,524	31,171
Rent/lease	602,703	-	15,426	-	618,129	-	18,997	-	-	510,870	529,867	1,147,996
Repairs and maintenance	-	-	-	-	-	-	-	-	-	505,541	505,541	505,541
Salaries	9,133,690	1,267,767	1,886,839	1,117,953	13,406,249	-	318,863	106,664	488,207	578,342	1,492,076	14,898,325
Student transportation	-	-	-	-	-	-	-	-	-	1,403,942	1,403,942	1,403,942
Supplies	658,067	5,630	24,563	61,808	750,068	-	23,492	655	5,488	192,325	221,960	972,028
Textbooks	374,932	-	2,242	-	377,174	-	-	-	-	-	-	377,174
Travel	36,029	-	-	-	36,029	-	7,618	-	-	-	7,618	43,647
Utilities	-	-	-	-	-	-	-	-	-	445,178	445,178	445,178
Total	\$ 14,129,046	\$ 1,683,387	\$ 2,393,375	\$ 2,066,526	\$ 20,272,334	\$ 411,400	\$ 737,264	\$ 2,364,492	\$ 1,202,351	\$ 4,274,819	\$ 8,990,326	\$ 29,262,660

The accompanying notes are an integral part of this consolidated financial statement.

Crescent City Schools
Consolidated Statements of Cash Flows

<i>For the years ended June 30,</i>	2020	2019
Operating Activities		
Changes in net assets	\$ 4,931,232	\$ 1,089,455
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	155,504	29,750
Contributions restricted for long-term purposes	(335,800)	-
Changes in operating assets and liabilities:		
Grants receivable	(475,674)	203,171
Other receivables	205,076	(90,796)
Prepaid expenses	(4,950)	61,386
Deposits	14,453	(20,000)
Accounts payable	(356,653)	526,002
Accrued expenses	273,852	154,831
Deferred financing costs	(297,781)	-
Deferred revenues	63,000	(288,438)
Net cash provided by (used in) operating activities	4,172,259	1,665,361
Investing Activities		
Construction expenditures and equipment purchased	(7,488,917)	(51,393)
Net cash provided by (used in) investing activities	(7,488,917)	(51,393)
Financing Activities		
Proceeds from long term debt	7,231,078	-
Payments on long term debt	(161,969)	-
Investment in capital project	335,800	-
Net cash provided by (used in) investing activities	7,404,909	-
Net change in cash, cash equivalents, and restricted cash	4,088,251	1,613,968
Cash, cash equivalents, and restricted cash at beginning of year	4,317,482	2,703,514
Cash, cash equivalents, and restricted cash at end of year	\$ 8,405,733	\$ 4,317,482
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 8,380,279	\$ 4,295,819
Restricted cash	25,454	21,663
Cash, cash equivalents, and restricted cash at end of year	\$ 8,405,733	\$ 4,317,482

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

Crescent City Schools Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

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

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

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. As of June 30, 2020 and 2019, Crescent City Schools operates three charter schools: Harriet Tubman Charter School (HT), Akili Academy of New Orleans (Akili), and Paul Habans Charter School (Habans). On July 1, 2018, the individual schools became Type 3B charters schools. These contracts are scheduled to terminate on June 30, 2022, June 30, 2024 and June 30, 2021, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Crescent City Schools and Crescent City Schools Foundation. The Organization consolidates an entity if there is control and an economic interest in the entity. Entities are consolidated if the Organization has the power to direct the significant economic activities of the Organization that impact financial performance and has the obligation to absorb losses or the right to receive benefits that could potentially be significant (i.e. the Organization is the primary beneficiary). The assessment of whether or not the Organization is the primary beneficiary of the Organization is performed on an ongoing basis. All significant intercompany balances and transactions have been eliminated.

The June 30, 2020 and 2019 consolidated financial statements present the activities of the management organization, Foundation, and three charter schools (HT, Akili, and Habans).

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Crescent City Schools
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. The Organization considers cash balances with a board or donor imposed restriction (purpose or time) to be restricted cash.

Grant and Other Receivables

Grants and other contributions are recognized as revenue on the accrual basis of accounting. As of June 30, 2020 and 2019, the Organization expects all receivable balances to be collected in one year. An allowance is made for uncollectable contributions based upon management's judgement and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. As a result of this analysis, management has determined no allowance is necessary as of June 30, 2020 and 2019.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Software	3 years
Leasehold improvements	5 years
Vehicles	5 years
Furniture	5 to 10 years
Equipment	5 to 10 years
Buildings & building improvements	15 to 30 years

Impairment of Long-Lived Assets

The Organization 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.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets (Continued)

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.

The Organization did not recognize an impairment loss during the years ended June 30, 2020 and 2019.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition and Deferred Revenue

The Organization's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and the OPSB. For the year ended June 30, 2020, the Organization received \$11,427,495 and \$9,885,710 from the State, and \$14,605,963 and \$12,389,221 from the OPSB in MFP funding. MFP revenue accounts for 67% and 74% of the Organization's total revenue for the years ended June 30, 2020 and 2019, respectively.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Deferred Revenue (Continued)

The Organization recognizes MFP, donations, and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the consolidated statements of financial position.

The Organization's policy is to report restricted support as with donor restrictions regardless of whether or not the restrictions are satisfied within the same fiscal year.

Donated Services

The Organization receives a substantial amount of donated services from unpaid volunteers who assist in carrying out instructional activities and facility improvement assistance. No amounts have been reflected in the consolidated statements of activities for donated services because they did not meet the criteria for recognition under generally accepted accounting principles.

PPP Loan Revenue

On April 3, 2020, CCS received a loan in the amount of \$3,000,000 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the U.S. Small Business Administration (SBA). (See Note 10).

CCS is recognizing revenue from the PPP loan following the guidance under FASB ASC 958-605. PPP loan funds are considered a conditional contribution and recorded as a refundable advance on the consolidated statement of financial position until the barriers to entitlement are met. CCS considers the barriers to entitlement to include the incurrence of qualifying expenses and maintaining specified levels of payroll and employment. Revenue is recognized once conditions have been substantially met or explicitly waived. CCS does not consider the administrative process of filing for forgiveness to be a condition to recognize the PPP loan as revenue.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. The consolidated financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. The majority of these expenses are allocated based on actual time and effort. However, several of these expenses (e.g., rent/lease, supplies, phone/internet, etc.) require allocation based on usage (e.g., building square footage, estimated consumption, etc.) by each function.

Income Taxes

Both Crescent City Schools and the Crescent City Schools Foundation are non-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. CCS and the Foundation believe that they have appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to consolidated financial statements.

Reclassification

Certain reclassifications have been made to the 2019 consolidated financial statements herein to conform to the 2020 presentation. These reclassifications had no effect on the total net assets or the total change in net assets for 2019.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 17, 2020, and determined there were no events that occurred that required disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these consolidated financial statements.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

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. The amendments in this update should assist entities in (1) evaluating 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. The Organization adopted this ASU effective July 1, 2019. It did not have a significant effect on the consolidated financial statements of the Organization.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance and requires expanded disclosures about revenue recognition to enable consolidated financial statement users to understand the nature, timing, amount, and uncertainty of revenue and cash flows arising from contracts with customers. On June 3, 2020, FASB issued ASU 2020-05 effectively delaying required implementation of the new revenue recognition standard to annual period beginning after December 31, 2019. The Organization elected not to early adopt the provisions of ASU 2014-09 for the year ended June 30, 2020. The Organization is currently evaluating the impact of this ASU on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. On June 3, 2020, FASB issued ASU 2020-05 effectively delaying required implementation of the lease standard to annual period beginning after December 15, 2021. The Organization elected not to early adopt the provisions of ASU 2016-02 for the year ended June 30, 2020. The Organization is currently evaluating the impact of this ASU on its consolidated financial statements.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 3: FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization’s expenditures come due. The following reflects the Organization’s financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions.

	2020	2019
Financial assets, at year-end	\$ 9,414,830	\$ 5,059,772
Less those not available for general expenditures within one year, due to donor imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures	\$ 9,414,830	\$ 5,059,772

Financial assets at year-end in the above schedule exclude restricted cash, property and equipment, deposits, and prepaid expenses.

Note 4: CASH EQUIVALENT – LAMP

Louisiana Asset Management Pool (LAMP) investment balances were \$6,632,756 and \$3,829,481 for the years ended June 30, 2020 and 2019, respectively, which are stated at amortized cost using published market quotes at June 30, 2020 and 2019.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only certain local entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which certain local entities in Louisiana are authorized to invest in accordance with LA-RS 33:2955. LAMP is rated AAAM by Standard & Poor's.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool share.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 5: GRANT AND OTHER RECEIVABLES

As of June 30, grant receivables consisted of amounts due from the following:

	2020	2019
Louisiana Department of Education (LDOE):		
Title I	\$ 6,832	\$ 196,043
IDEA B	-	81,633
IDEA PS	-	4,389
High Cost Services	-	18,487
Child Nutrition	94,028	-
LA4	-	16,007
Total from LDOE	100,860	316,559
Other:		
MFP	208,125	-
Charter School Program	483,248	-
Total grant receivables	\$ 792,233	\$ 316,559

As of June 30, other receivables consisted of amounts due from the following:

	2020	2019
Medicaid reimbursements	\$ -	\$ 191,259
Vendor reimbursement	183,408	149,240
Employee receivable	40,325	29,142
Recovery School District	-	32,593
Contributions	17,737	5,781
Other	848	39,379
Total other receivables	\$ 242,318	\$ 447,394

Crescent City Schools
Notes to Consolidated Financial Statements

Note 6: PROPERTY AND EQUIPMENT

Property and equipment is as follows as of June 30:

	2020	2019
<i>Nondepreciable:</i>		
Land	\$ 760,400	\$ -
<i>Depreciable:</i>		
Leasehold improvements	357,947	452,752
Furniture and fixtures	60,868	36,000
Buildings and building improvements	5,934,901	-
Vehicles	20,035	-
<i>Not yet placed-in-service:</i>		
Buildings and building improvements	748,713	-
Property and equipment	7,882,864	-
Less: accumulated depreciation	(361,504)	(300,805)
Total property and equipment, net accumulated depreciation	\$7,521,360	\$ 187,947

Depreciation expense was \$155,504 and \$29,750 for the years ended June 30, 2020 and 2019, respectively.

Note 7: ACCRUED EXPENSES

Accrued expenses as of June 30, 2020 and 2019 consist of salaries and benefits of \$1,549,715 and \$1,320,863 as of June 30, 2020 and 2019, respectively.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 8: LONG TERM DEBT AND DEFERRED FINANCING COSTS

Long-term debt consists of the following:

	2020	2019
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 6.50%	\$ 5,462,444	\$ -
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%	856,373	-
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%	740,292	-
EIDL (see Note 10 for terms)	10,000	-
Long term debt	7,069,109	-
Deferred financing costs	(297,781)	-
Total long term debt, net deferred financing costs	\$ 6,771,328	\$ -

Interest expense related to debt balances was \$173,447 and \$0 for the years ended June 30, 2020 and 2019, respectively.

The following is the schedule of future principle payments based on debt amortization schedules as of June 30, 2020:

Years ended June 30,	Total
2021	\$ 306,249
2022	315,446
2023	335,904
2024	357,706
2025	380,942
Thereafter	5,372,862
Total long term debt	\$ 7,069,109

The credit agreements noted above each contain certain financial covenants; the Organization was in compliance with these covenants as of June 30, 2020.

The Organization intends to pay the EIDL loan completely in the year ended June 30, 2021 (see Note 10 for specific required terms).

Crescent City Schools
Notes to Consolidated Financial Statements

Note 9: NET ASSETS

Net assets with donor restriction as of June 30 consisted of the following purpose restricted amounts:

	2020	2019
Emeril Lagasse Foundation	\$ -	\$ 8,457
YouthForce NOLA	-	3,206
Walton Family Foundation	20,000	-
Share our Strength	5,454	-
Jones Foundation	-	10,000
Total net assets with donor restrictions	\$ 25,454	\$ 21,663

Note 10: PPP LOAN REVENUE

On April 3, 2020, CCS received a loan in the amount of \$3,000,000 under the PPP pursuant to the CARES Act and administered by the SBA. The PPP provides for forgivable loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities. CCS also received \$10,000 as part of the Economic Injury Disaster Loan advance program (EIDL).

CCS has used the PPP loan funds for its payroll and benefits purposes consistent with the PPP. While CCS currently believes that its use of the PPP funds have met the conditions for forgiveness of the PPP loan and CCS is in the process of preparing the forgiveness application, no assurance can be provided that CCS will obtain forgiveness of the loan, in whole or in part.

As of June 30, 2020, CCS has incurred \$3,000,000 of qualified expenses under this PPP loan and has recognized \$3,000,000 of PPP loan revenue related to these qualifying expenses. The remaining \$10,000 of the EIDL must be paid within 2 years of the commencement of the agreement, with the first payment including accrued interest of 1% being paid within 6 months of signing the debt. The remaining balance will be paid in equal amounts over the next 18 months following initial payment.

Note 11: SCHOOL OPERATIONS/LEASEHOLD INTEREST

Akili Academy of New Orleans (Akili)

The Organization was party to an agreement with the State of Louisiana, Department of Education, and Recovery School District (RSD) which allows Akili to use the facilities and its contents free of charge located at 3811 North Galvez Street, New Orleans, Louisiana 70117 beginning January 1, 2017. This agreement expired on June 30, 2018.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 11: SCHOOL OPERATIONS/LEASEHOLD INTEREST (CONTINUED)

Akili Academy of New Orleans (Akili) (Continued)

At June 30, 2018, the lease at 3811 North Galvez Street terminated as the facility was released from RSD's control and put under the control of the Orleans Parish School Board (OPSB). OPSB renewed this lease as of July 1, 2018 with the same terms and conditions stipulated in the RSD agreements. The agreement expires on June 30, 2024.

Harriet Tubman Charter School (HT)

The Organization was party to an agreement with the State of Louisiana, Department of Education, and RSD, which allows HT to use the facilities, located at 2832 General Meyer Avenue, New Orleans, Louisiana 70114, and its contents free of charge. The agreement expired on June 30, 2014. The parties had agreed to the continued use of the facility until a new lease can be negotiated.

At June 30, 2018 the lease at 2832 General Meyer Avenue terminated as the facility was released from RSD's control and put under the control of the Orleans Parish School Board (OPSB). OPSB renewed this lease as of July 1, 2018 with the same terms and conditions stipulated in the RSD agreements. The agreement expired in June 2019.

In May 2018, the Organization 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 July 2023. The Organization receives additional MFP funding and OPSB subsidies to offset the cost of the sublease.

For the years ended June 30, 2020 and 2019, 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.

At April 1, 2019, in order to support the planned expansion of HT, the Organization also entered into an additional agreement with Beau Bayou LLC which allows HT to use the facilities located at 2701 West Lawrence Street, New Orleans, Louisiana 70114 and its contents at a monthly rate of \$20,000. The agreement expired on September 30, 2019 or with the purchase of the facilities. In July 2019, the Crescent City Schools Foundation, Inc. purchased this building.

Paul Habans Charter School (Habans)

The Organization was party to an agreement with the State of Louisiana, Department of Education, RSD which allows Habans to use the facilities and its contents free of charge located at 3501 Seine Drive, New Orleans, Louisiana 70114 beginning June 21, 2016.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 11: SCHOOL OPERATIONS/LEASEHOLD INTEREST (CONTINUED)

Paul Habans Charter School (Habans) (Continued)

At June 30, 2018, the lease at 3501 Seine Drive terminated as the facility was released from RSD's control and put under the control of the Orleans Parish School Board (OPSB). OPSB renewed this lease as of July 1, 2018 with the same terms and conditions stipulated in the RSD agreements. The agreement expires on June 30, 2021.

The Organization is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

Additional Lease Disclosures

The use of property, including fixtures, furniture and equipment provided by RSD and OPSB free of charge is not recorded as an in-kind contribution. The value of the land, buildings, and other property 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.

As of June 30, 2020, future lease payments on long-term noncancelable operating leases are as follows:

Years ending June 30:	
2021	\$ 877,293
2022	877,293
2023	877,293
2024	73,108
2025	-
Thereafter	-
Total	\$ 2,704,987

Crescent City Schools
Notes to Consolidated Financial Statements

Note 12: CONCENTRATION OF CREDIT RISK

The Organization maintained cash deposits at a financial institution during the years ended June 30, 2020 and 2019. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per entity per financial institution. At June 30, 2020 and 2019, the cash balance in excess of insured amounts was \$2,005,950 and \$763,245, respectively. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

As of June 30,	2020	2019
Crescent City Schools	2,255,950	1,013,245
Crescent City Schools Foundation, Inc.	156,101	-
Total cash deposits	2,412,051	1,013,245
Less: Insured amounts	(406,101)	(250,000)
Total cash deposits in excess of insured amounts	\$ 2,005,950	\$ 763,245

The amount of cash available at June 30, 2020 and 2019 represents 87% and 42% of each fiscal period's average monthly expenses. The Organization requires no collateral to secure the federal grant receivables or other receivable balances.

The Organization received a substantial amount of its revenue through grants awarded by the federal, state, and local governments, which totaled approximately 83% and 93% of total revenue for the years ended June 30, 2020 and 2019, respectively.

All of the students of Crescent City Schools live in the Greater New Orleans area.

Note 13: CONTINGENCIES

The continuation of the Organization is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contracts with OPSB. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contracts, or if such appropriation is reduced by the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues from that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contracts, the contracts shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Crescent City Schools
Notes to Consolidated Financial Statements

Note 14: RETIREMENT PLAN

The Organization maintains a safe-harbor 401(k) plan covering all eligible employees. The Organization 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, 2020 and 2019 totaled \$585,337 and \$550,028, respectively.

Note 15: COVID-19

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred subsequent to year end may have a significant negative impact on the global economy and thus the operations of the Organization. The extent of the impact will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial impact is significant to the Organization for an extended period, the Organization may be materially adversely affected.



Supplementary Information

Crescent City Schools
Consolidating Statement of Financial Position

<i>June 30,</i>	CMO	Akili Academy	Harriet Tubman	Habans	Foundation (Subsidiary)	Eliminating Entries	2020 Total
Assets							
Current assets							
Cash and cash equivalents	\$ 435,238	\$ 1,608,089	\$ 3,094,786	\$ 3,086,065	\$ 156,101	\$ -	\$ 8,380,279
Restricted cash	-	-	25,454	-	-	-	25,454
Grant receivables	30,791	21,358	707,343	32,741	-	-	792,233
Other receivables	38,944	85,759	50,051	67,564	-	-	242,318
Due from affiliate	163,612	104,565	-	-	-	(268,177)	-
Prepaid expenses	9,500	68,642	35,743	56,421	-	-	170,306
Total current assets	678,085	1,888,413	3,913,377	3,242,791	156,101	(268,177)	9,610,590
Property and equipment, net	-	80,380	147,735	120,650	7,172,595	-	7,521,360
Deposits	-	2,500	7,197	47,041	-	-	56,738
Total assets	\$ 678,085	\$ 1,971,293	\$ 4,068,309	\$ 3,410,482	\$ 7,328,696	\$ (268,177)	\$ 17,188,688
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 40,267	\$ 245,689	\$ 288,766	\$ 221,766	\$ -	\$ -	\$ 796,488
Due to affiliate	-	51,374	117,927	98,876	-	(268,177)	-
Accrued expenses	11,188	444,209	666,102	473,201	15	-	1,594,715
Deferred revenues	15,000	36,000	36,000	36,000	-	-	123,000
Current portion of long term debt	5,000	-	13,468	-	282,781	-	301,249
Total current liabilities	71,455	777,272	1,122,263	829,843	282,796	(268,177)	2,815,452
Noncurrent liabilities							
Long term debt, net deferred finance costs	5,000	-	234,326	-	6,230,753	-	6,470,079
Net assets							
Without donor restriction	601,630	1,194,021	2,686,266	2,580,639	815,147	-	7,877,703
With donor restrictions	-	-	25,454	-	-	-	25,454
Total net assets	601,630	1,194,021	2,711,720	2,580,639	815,147	-	7,903,157
Total liabilities and net assets	\$ 678,085	\$ 1,971,293	\$ 4,068,309	\$ 3,410,482	\$ 7,328,696	\$ (268,177)	\$ 17,188,688

See Independent Auditor's Report.

Crescent City Schools
Consolidating Statement of Financial Position

<i>June 30,</i>	CMO	Akili Academy	Harriet Tubman	Habans	Eliminating Entries	2019 Total
Assets						
Current assets						
Cash and cash equivalents	\$ 503,688	\$ 499,254	\$ 2,186,105	\$ 1,106,772	\$ -	\$ 4,295,819
Restricted cash	21,663	-	-	-	-	21,663
Grant receivables	-	57,720	135,328	123,511	-	316,559
Other receivables	12,376	234,402	113,744	86,872	-	447,394
Due from affiliate	-	26,774	88,417	90,281	(205,472)	-
Prepaid expenses	2,500	46,753	37,021	79,082	-	165,356
Total current assets	540,227	864,903	2,560,615	1,486,518	(205,472)	5,246,791
Property and equipment, net	-	73,042	-	114,905	-	187,947
Deposits		2,500	21,650	47,041	-	71,191
Total assets	\$ 540,227	\$ 940,445	\$ 2,582,265	\$ 1,648,464	\$ (205,472)	\$ 5,505,929
Liabilities and Net Assets						
Current liabilities						
Accounts payable	\$ 22,787	\$ 159,575	\$ 839,009	\$ 131,770	\$ -	\$ 1,153,141
Due to affiliate	61,949	67,546	62,331	13,646	(205,472)	-
Accrued expenses	965	377,935	548,736	393,227	-	1,320,863
Deferred revenues	-	30,000	30,000	-	-	60,000
Total current liabilities	85,701	635,056	1,480,076	538,643	(205,472)	2,534,004
Net assets						
Without donor restriction	454,526	297,183	1,102,189	1,096,364	-	2,950,262
With donor restrictions	-	8,206	-	13,457	-	21,663
Total net assets	454,526	305,389	1,102,189	1,109,821	-	2,971,925
Total liabilities and net assets	\$ 540,227	\$ 940,445	\$ 2,582,265	\$ 1,648,464	\$ (205,472)	\$ 5,505,929

See Independent Auditor's Report.

Crescent City Schools
Consolidating Statement of Activities

<i>For the year ended June 30,</i>	CMO	Akili Academy	Harriet Tubman	Habans	Foundation (Subsidiary)	Eliminating Entries	2020 Total
Revenue and Other Support							
Local per pupil aid - MFP	\$ -	\$ 3,758,785	\$ 6,310,026	\$ 4,537,152	\$ -	\$ -	\$ 14,605,963
Federal grants	60,496	1,610,969	2,623,324	1,868,705	-	-	6,163,494
State public school funds - MFP	-	3,252,452	4,347,989	3,827,054	-	-	11,427,495
Other grants, contributions, and donations	201,625	984,475	1,314,835	985,370	623,376	-	4,109,681
Other sources	1,805,624	523,561	1,435,311	503,718	520,041	(2,785,382)	2,002,873
Total revenue and other support	2,067,745	10,130,242	16,031,485	11,721,999	1,143,417	(2,785,382)	38,309,506
Expenses							
<i>Program Services</i>							
Instructional	-	4,718,389	6,018,573	5,288,650	-	(651,802)	15,373,810
School administration	314,841	289,173	894,622	405,049	-	-	1,903,685
Pupil support services	158,417	1,078,816	1,310,751	1,105,313	-	-	3,653,297
Instructional Staff Services	113,470	627,761	909,456	684,902	-	-	2,335,589
<i>Supporting services</i>							
General administration	818	138,926	196,238	166,560	-	-	502,542
Central services	838,059	449,867	666,807	537,598	17,982	(1,600,662)	909,651
Food services	-	711,472	942,191	845,398	-	-	2,499,061
Business services	477,768	240,058	360,160	267,541	6,460	-	1,351,987
Ancillary services	17,268	987,148	3,123,156	950,170	303,828	(532,918)	4,848,652
Total expenses	1,920,641	9,241,610	14,421,954	10,251,181	328,270	(2,785,382)	33,378,274
Change in Net Assets	147,104	888,632	1,609,531	1,470,818	815,147	-	4,931,232
Net assets at beginning of year	454,526	305,389	1,102,189	1,109,821	-	-	2,971,925
Net assets at end of year	\$ 601,630	\$ 1,194,021	\$ 2,711,720	\$ 2,580,639	\$ 815,147	\$ -	\$ 7,903,157

See Independent Auditor's Report.

Crescent City Schools
Consolidating Statement of Activities

<i>For the year ended June 30,</i>	CMO	Akili Academy	Harriet Tubman	Habans	Eliminating Entries	2019 Total
Revenue and Other Support						
Local per pupil aid - MFP	\$ -	\$ 3,427,041	\$ 5,302,274	\$ 3,659,906	\$ -	\$ 12,389,221
Federal grants	-	1,724,671	2,122,254	1,880,178	-	5,727,103
State public school funds - MFP	-	3,083,785	3,946,466	2,855,459	-	9,885,710
Other grants, contributions, and donations	26,162	345,379	413,291	117,041	-	901,873
Other sources	1,489,154	230,928	950,722	430,889	(1,653,485)	1,448,208
Total revenue and other support	1,515,316	8,811,804	12,735,007	8,943,473	(1,653,485)	30,352,115
Expenses						
<i>Program Services</i>						
Instructional	-	4,291,000	5,644,380	4,471,388	(277,722)	14,129,046
School administration	205,581	278,161	835,653	363,992	-	1,683,387
Pupil support services	99,788	692,400	922,917	678,270	-	2,393,375
Instructional Staff Services	140,595	666,068	692,019	567,844	-	2,066,526
<i>Supporting services</i>						
General administration	1,168	120,414	169,993	119,825	-	411,400
Central services	673,830	411,572	582,215	429,518	(1,359,871)	737,264
Food services	-	726,063	885,634	752,795	-	2,364,492
Business services	374,740	246,820	334,330	246,461	-	1,202,351
Ancillary services	16,242	1,111,871	2,220,979	941,619	(15,892)	4,274,819
Total expenses	1,511,944	8,544,369	12,288,120	8,571,712	(1,653,485)	29,262,660
Change in Net Assets	3,372	267,435	446,887	371,761	-	1,089,455
Net assets at beginning of year	451,154	37,954	655,302	738,060	-	1,882,470
Net assets at end of year	\$ 454,526	\$ 305,389	\$ 1,102,189	\$ 1,109,821	\$ -	\$ 2,971,925

See Independent Auditor's Report.

Crescent City Schools
Schedule of Compensation, Benefits, and
Other Payments to Agency Head
For The Year Ended June 30, 2020

Agency Head Name: Kate Mehok, CEO

PURPOSE	AMOUNT
Salary	\$ 183,989
Benefits-health insurance	10,144
Benefits-retirement	6,015
Deferred compensation	-
Workers comp	939
Benefits-life insurance	494
Benefits-long term disability	-
Benefits-Fica and Medicare	10,905
Car allowance	-
Vehicle provided by government	-
Cell phone	818
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	378
Travel	215
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
Total	\$ 213,898

See Independent Auditors' Report.



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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

Board of Directors
Crescent City Schools
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 (a nonprofit organization) (the 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 consolidated financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Carly Riggs E. Ingram, L.L.C.

Metairie, Louisiana
December 17, 2020



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

Board of Directors
Crescent City Schools
New Orleans, Louisiana

Report on Compliance for the Major Federal Program

We have audited Crescent City School's (a nonprofit organization) (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the Organization'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Carri Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 17, 2020

CRESCENT CITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Program Title	Federal CFDA Number	Federal Award Program Number	Funds Passed to Subrecipients	Total Expenditures
<u>U.S. Department of Education</u>				
<i>Passed-through LA Dept of Education</i>				
Title I Grants to Local Educational Agencies	84.010		\$ -	\$ 1,470,922
Charter Schools	84.282		-	624,970
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027		-	613,377
Special Education - Preschool Grants	84.173		-	9,780
Total Special Education Cluster (IDEA)			-	623,157
English Language Acquisition State Grants	84.365		-	22,216
Improving Teacher Quality State Grants	84.367		-	165,667
Student Support and Academic Enrichment Program (Title IV)	84.424		-	108,921
Total U.S. Department of Education			-	3,015,853
<u>U.S. Department of Agriculture</u>				
<i>Passed-through LA Dept of Education</i>				
Child Nutrition Cluster				
National School Lunch Program	10.555		-	3,192,196
Total Child Nutrition Cluster			-	3,192,196
Total U.S. Department of Agriculture			-	3,192,196
Total Federal Assistance			\$ -	\$ 6,208,049

See Independent Auditors' Report and accompanying notes to the Schedule of Expenditures of Federal Awards.

Crescent City Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Note 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the Organization. The Organization's reporting entity is defined in Note 1 to the Organization's basic consolidated financial statements. All federal awards were received directly from federal agencies and are included on the Schedule of Expenditures of Federal Awards, as well as federal assistance passed through government agencies.

Note 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this 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). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements. The Organization has not elected to use the 10% de minimis indirect rate allowed under the Uniform Guidance.

NOTE 3: RECONCILIATION OF FEDERAL GRANT REVENUE TO EXPENDITURES OF FEDERAL AWARDS

Expenditures of federal awards during the year ended June 30, 2020	\$ 6,208,049
Immaterial reconciling item	44,555
Total federal grants revenue	<u>\$ 6,163,494</u>

Note 4: LOAN

The Organization did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2020.

Note 5: FEDERALLY FUNDED INSURANCE

The Organization had no federally funded insurance for the year ended June 30, 2020.

Note 6: NONCASH ASSISTANCE

The Organization did not receive any federal noncash assistance for the year ended June 30, 2020.

Note 7: ON-BEHALF PAYMENTS

The Organization did not have on-behalf payments for the fiscal year ended June 30, 2020.

Crescent City Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

I – SUMMARY OF AUDITORS’ RESULTS

Consolidated Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(es) identified? ___ yes X none noted

Noncompliance material to consolidated financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(es) identified? ___ yes X none noted

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? ___ yes X none noted

Identification of major federal programs:

Federal CFDA Number	Federal Program or Cluster
10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? X yes ___ no

Crescent City Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

II – FINDINGS RELATED TO CONSOLIDATED FINANCIAL STATEMENT COMPLIANCE

None noted.

III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

IV – MANAGEMENT LETTER

None issued.

**Crescent City Schools
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020**

II – FINDINGS RELATED TO CONSOLIDATED FINANCIAL STATEMENT COMPLIANCE

None noted.

III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

IV – MANAGEMENT LETTER

None issued.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors, the Louisiana Department of Education,
and the Louisiana Legislative Auditor of
Crescent City Schools
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Crescent City Schools (a nonprofit organization) (CCS); the Louisiana Department of Education, and the Louisiana Legislative Auditor on the performance and statistical data accompanying the annual financial statements of CCS 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 CCS is responsible for the 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 results are as follows:

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

1. We will select a sample of 25 transactions, review supporting documentation, and observe 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, and
 - Nonpublic Transportation Revenue.

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

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe 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 will obtain 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Exceptions noted; 1 of the 25 selected individuals' education levels per the October 1st PEP Report was not properly classified. Exceptions noted; 3 of the 25 selected individuals' experience per the October 1st PEP Report was not properly classified.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We will obtain 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 obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe 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.

This agreed-upon procedures engagement was conducted 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 Crescent City Schools, 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.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 17, 2020

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

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 2,618,744	
Other instructional staff activities	528,323	
Instructional staff employee benefits	814,060	
Purchased professional and technical services	96,241	
Instructional materials and supplies	364,003	
Less instructional equipment	-	
Total teacher and student interaction activities		4,421,371

Other instructional activities		86,469
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Pupil support activities	1,355,745	
Less equipment for pupil support activities	-	
Net pupil support activities		1,355,745

Instructional Staff Services	876,322	
Less equipment for instructional staff services	-	
Net instructional staff services		876,322

School Administration	486,582	
Less: Equipment for school administration	-	
Net school administration		486,582

Total general fund instructional expenditures		\$ 7,226,488
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Certain Local Revenue Sources

Not applicable to the School

Crescent City Schools
Schedule 2

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	35%	357	15%	155	28%	286	9%	93
Elementary Activity Classes	5%	50	3%	29	4%	44	2%	19
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.