



To the Board of Trustees and Management
Nativity Jesuit Academy, Inc.
Milwaukee, Wisconsin

In planning and performing our audit of the financial statements of Nativity Jesuit Academy, Inc. ("School") as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

We have audited the financial statements of Nativity Jesuit Academy, Inc. ("School") for the year ended June 30, 2020, and have issued our report thereon dated September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 2, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements. As described in Note 1, the School changed accounting policies in 2020 related to the following adoptions:

- Financial Accounting Standards Board ("FASB") Update Topic 606 – *Revenue from Contracts with Customers*. The accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.
- FASB Update 2018-08 (Topic 958)– Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The accounting change has been applied on a modified prospective basis.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciable lives of fixed assets is based on estimated useful lives.
- Management's estimate of the allowance for doubtful accounts on uncollectible grants receivable, promises to give and accounts receivable is based on the nature of the grantor, donor, or customer.
- Management's estimate of the present value discount of promises to give which was based upon the two year US Treasury rate of 0.16% over the life of the promises to give.
- Management's estimate of the value of in-kind donations based on the fair value at the date of the donation is made.
- Management's estimate of the allocation of functional expenses is based on management's estimates of time and effort, full-time equivalent, and square footage.

We evaluated the key factors and assumptions used to develop the aforementioned estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Audit Findings (continued)

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This communication is intended solely for the use of Board of Trustees and management of the School and is not intended to be and should not be used by anyone other than these specified parties.

September 30, 2020
Milwaukee, Wisconsin

Client: **Nativity Jesuit Academy, Inc.**
 Engagement: **Audit 20 Nativity Jesuit Academy**
 Period Ending: **6/30/2020**
 Workpaper: **Proposed JE Report**

Account	Description	Debit	Credit
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Proposed JE # 3000

To record supplies inventory for personal protective equipment purchased for next school year

1306	Supplies inventory	3,674.95	
6711	Repairs and Maintenance:Kitchen and Bathroom Supplies		3,674.95
Total		<u>3,674.95</u>	<u>3,674.95</u>