

COLLEGIATE ACADEMIES

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses - 2013	6
Statement of Functional Expenses - 2012	7
Notes to Financial Statements	8
SCHEDULES REQUIRED BY STATE LAW (PERFORMANCE STATISTICAL DATA)	
Independent Accountant's Report on Applying Agreed-Upon Procedures	15
Schedule K-1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2013	19
Schedule K-2: Education Levels of Public School Staff	20
Schedule K-3: Number and Type of Public Schools	21
Schedule K-4: Experience of Public Principals, Assistant Principals, and Full- Time Classroom Teachers	22
Schedule K-5: Public School Staff Data	23
Schedule K-6: Class Size Characteristics	24
Schedule K-8: Graduation Exit Examination	25
OMB CIRCULAR A-133 COMPLIANCE AND GOVERNMENT AUDITING STANDARDS REPORTS	
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 <i>Government Auditing Standards</i>	26
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	28
Schedule of Expenditures of Federal Awards	30
Notes to the Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32
Summary Schedule of Prior Audit Findings and Questioned Costs	33

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Collegiate Academies
New Orleans, Louisiana**

Report on the Financial Statements

We have audited the accompanying financial statements of Collegiate Academies (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2013 and 2012, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Collegiate Academies's preparation and fair presentation of the 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 Collegiate Academies'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Collegiate Academies as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013, on our consideration of Collegiate Academies'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 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 Collegiate Academies' internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
November 18, 2013

Collegiate Academies
Statements of Financial Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 279,737	\$ 433,507
Grants receivable	569,004	143,523
Prepaid expenses and other current assets	<u>39,703</u>	<u>27,216</u>
Total current assets	<u>888,444</u>	<u>604,246</u>
Investments	<u>989,691</u>	<u>914,487</u>
Deposit	<u>7,500</u>	<u>7,500</u>
Total assets	<u>\$ 1,885,635</u>	<u>\$ 1,526,233</u>
LIABILITIES AND NET ASSETS		
Current liabilities -		
Accounts payable and accrued expenses	<u>\$ 186,453</u>	<u>\$ 65,512</u>
Net assets:		
Unrestricted	1,622,213	1,396,483
Temporarily restricted	<u>76,969</u>	<u>64,238</u>
Total net assets	<u>1,699,182</u>	<u>1,460,721</u>
Total liabilities and net assets	<u>\$ 1,885,635</u>	<u>\$ 1,526,233</u>

See accompanying notes to the financial statements.

Collegiate Academies
Statements of Activities
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Change in unrestricted net assets:		
Revenue from public support and other support:		
State public school funds	\$ 2,930,482	\$ 1,448,006
Local per pupil aid	2,636,554	1,386,958
Federal sources	2,182,463	1,282,351
Donations and contributions	871,266	129,618
Investment income	<u>81,375</u>	<u>4,023</u>
Total revenue from public support and other support	8,702,140	4,250,956
Net assets released from restrictions	<u>335,290</u>	<u>385,334</u>
Total revenues	<u>9,037,430</u>	<u>4,636,290</u>
Expenses:		
Program services -		
Instructional	4,251,329	2,157,290
Supporting services -		
Management and general	<u>4,560,371</u>	<u>2,271,792</u>
Total expenses	<u>8,811,700</u>	<u>4,429,082</u>
Increase in unrestricted net assets	<u>225,730</u>	<u>207,208</u>
Change in temporarily restricted net assets:		
Donations and contributions	348,021	440,558
Net assets released from restrictions	<u>(335,290)</u>	<u>(385,334)</u>
Increase in temporarily restricted net assets	<u>12,731</u>	<u>55,224</u>
Increase in net assets	238,461	262,432
Net assets at beginning of year	<u>1,460,721</u>	<u>1,198,289</u>
Net assets at end of year	<u>\$ 1,699,182</u>	<u>\$ 1,460,721</u>

See accompanying notes to the financial statements.

Collegiate Academies
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 238,461	\$ 262,432
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Net unrealized (gain) loss on investments	(54,123)	25,150
(Increase) decrease in grants receivable	(425,481)	8,399
(Increase) in prepaid expenses and other current assets	(12,487)	(18,025)
Increase (decrease) in accounts payable and accrued expenses	<u>120,941</u>	<u>(41,255)</u>
Net cash (used in) provided by operating activities	<u>(132,689)</u>	<u>236,701</u>
Cash flows from investing activities:		
Sale of investments	313,076	1,689,013
Purchase of investments	<u>(334,157)</u>	<u>(1,727,958)</u>
Net cash (used in) investing activities	<u>(21,081)</u>	<u>(38,945)</u>
Net (decrease) increase in cash and cash equivalents	(153,770)	197,756
Cash and cash equivalents at beginning of year	<u>433,507</u>	<u>235,751</u>
Cash and cash equivalents at end of year	<u><u>\$ 279,737</u></u>	<u><u>\$ 433,507</u></u>
Supplemental disclosure of cash flow information -		
Interest paid	<u>\$ -</u>	<u>\$ 386</u>

See accompanying notes to the financial statements.

Collegiate Academies
Statement of Functional Expenses
Year Ended June 30, 2013

	<u>Instructional</u>	<u>Management and general</u>	<u>Total</u>
Salaries and benefits	\$ 2,818,873	\$ 2,433,805	\$ 5,252,678
Bus service	-	838,225	838,225
Supplies	429,838	255,078	684,916
Professional services	390,166	280,941	671,107
Food service	398,721	-	398,721
Purchased property services	-	217,763	217,763
Travel	104,495	107,771	212,266
Dues and fees	29,067	130,105	159,172
Insurance	-	93,661	93,661
Utilities	-	83,821	83,821
Printing and binding	5,150	68,146	73,296
Telephone and postage	36,788	8,370	45,158
Recruiting	-	42,685	42,685
Textbooks	<u>38,231</u>	<u>-</u>	<u>38,231</u>
Total expenses	<u>\$ 4,251,329</u>	<u>\$ 4,560,371</u>	<u>\$ 8,811,700</u>

See accompanying notes to the financial statements.

Collegiate Academies
Statement of Functional Expenses
Year Ended June 30, 2012

	<u>Instructional</u>	<u>Management and general</u>	<u>Total</u>
Salaries and benefits	\$ 1,504,952	\$ 1,360,682	\$ 2,865,634
Bus service	-	397,176	397,176
Professional services	129,069	173,521	302,590
Supplies	209,257	61,334	270,591
Food service	190,136	-	190,136
Travel	97,981	31,387	129,368
Purchased property services	-	74,905	74,905
Dues and fees	2,176	54,553	56,729
Utilities	-	51,905	51,905
Insurance	-	33,564	33,564
Telephone and postage	23,719	6,874	30,593
Printing and binding	-	25,505	25,505
Interest	-	386	386
Total expenses	<u>\$ 2,157,290</u>	<u>\$ 2,271,792</u>	<u>\$ 4,429,082</u>

See accompanying notes to the financial statements.

Collegiate Academies

Notes to the Financial Statements

Years Ended June 30, 2013 and 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collegiate Academies (the Organization) was incorporated in May of 2010 as New Orleans Charter Science and Math Academy for the purpose of operating a transformation charter school in New Orleans. Effective July 1, 2010, the assets and liabilities of New Orleans Charter Science and Math Academy were transferred from another non-profit organization (Advocates for Science and Mathematics Education, Inc.). In February of 2011, the Board of New Orleans Charter Science and Math Academy approved a name change to Collegiate Academies. The Organization was created to develop college-bound students for leadership and lifelong learning. The State Board of Elementary and Secondary Education granted the Organization a Type 5 charter to operate Collegiate Academies. In August 2013, the Organization expanded by adding two (2) new high schools with ninth grade only, George Washington Carver Collegiate Academy and George Washington Carver Preparatory Academy. The Organization intends to add an additional grade to each of the new schools each year until all three (3) high schools contain grades 9-12.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

Income Tax Status

The Organization is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax. Management believes that all tax positions would be sustained if audited. There were no penalties or interest on income taxes incurred in 2013 or 2012, but, if incurred, they would be classified in the Statements of Activities as management and general expense. The Organization's tax filings since June 30, 2011 are currently open to audit under the statutes of limitations by the Internal Revenue Service.

Public Support and Revenue

The Organization receives its support primarily from the Louisiana State Department of Education and the United States Department of Education.

The Organization recognizes revenue for reimbursable Food Services received from the Louisiana Recovery School District ("RSD") and KIPP Public Charter Schools ("KIPP"). The Organization is billed the net unreimbursable Food Service costs by the RSD and KIPP. As the School Food Authority, the RSD and KIPP handles all food services at the Organization.

RSD and KIPP send monthly invoices to the Organization showing the amount which the grant revenue covered and the difference that the Organization is obligated to pay. The revenue recognized and expense incurred related to this grant was \$337,103 and \$175,366 for the years ended June 30, 2013 and 2012, respectively.

Collegiate Academies

Notes to Financial Statements

(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period that they are received are reported as unrestricted support.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. There were no cash equivalents at June 30, 2013 or 2012.

Investments

Investments are reported at their fair values in the Statements of Financial Position. Fair values for mutual funds and exchange-traded funds are based on the quoted market price (which is net asset value). Unrealized gains and losses are included in the change in unrestricted net assets.

Management continually evaluates investments for impairment. Consideration is given to the financial condition and prospects of the issuer, management's intent to sell an investment, and the intent and ability to retain its investment in the issue for a period of time sufficient to allow for any anticipated recovery in fair value. If a need to recognize impairment is identified, an amount representing the difference between the fair value of the affected investment and its carrying amount is included in the change in net assets.

Compensated Absences

All full time teachers and staff are provided up to seven no-fault days and three sick days. Unused no-fault and sick leave balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year.

Collegiate Academies

Notes to the Financial Statements

(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

The Organization follows the provisions of Not-For-Profit Entities Topic (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to such stipulations (donor-restricted support whose restrictions are met in the same reporting period are reported as unrestricted revenues).
- Permanently restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Organization.

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment are recorded at fair market values as of the date received. The Organization maintains a capitalization threshold of \$5,000 for property and equipment. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset.

Line of Credit

The Organization maintains a line of credit with a financial institution at a rate to be determined by the lender when funds are borrowed. The Organization has no outstanding balance on this line of credit as of June 30, 2013 and 2012. The Organization is allowed to borrow up to \$250,000.

Subsequent Events

Subsequent events have been evaluated through November 18, 2013, the date the financial statements were available to be issued.

Collegiate Academies
Notes to the Financial Statements
(Continued)

B. INVESTMENTS

The carrying amounts and estimated fair values of investments were as follows (number in parentheses by description equals the quantity of securities):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>June 30, 2013</u>				
Unrealized gains:				
Mutual funds (10)	\$ 505,976	\$ 68,396	\$ -	\$ 574,372
Fixed income funds (2)	<u>77,298</u>	<u>150</u>	<u>-</u>	<u>77,448</u>
	<u>583,274</u>	<u>68,546</u>	<u>-</u>	<u>651,820</u>
Unrealized losses:				
less than 12 months:				
Mutual funds (2)	97,022	-	(4,579)	92,443
Fixed income funds (4)	<u>255,272</u>	<u>-</u>	<u>(9,844)</u>	<u>245,428</u>
	<u>352,294</u>	<u>-</u>	<u>(14,423)</u>	<u>337,871</u>
	<u>\$ 935,568</u>	<u>\$ 68,546</u>	<u>\$ (14,423)</u>	<u>\$ 989,691</u>
<u>June 30, 2012</u>				
Unrealized gains:				
Mutual funds (6)	\$ 362,651	\$ 20,096	\$ -	\$ 382,747
Exchange-traded funds (2)	<u>260,767</u>	<u>211</u>	<u>-</u>	<u>260,978</u>
	<u>623,418</u>	<u>20,307</u>	<u>-</u>	<u>643,725</u>
Unrealized losses:				
less than 12 months:				
Mutual funds (5)	157,493	-	(6,568)	150,925
Exchange-traded funds (2)	<u>122,625</u>	<u>-</u>	<u>(2,788)</u>	<u>119,837</u>
	<u>280,118</u>	<u>-</u>	<u>(9,356)</u>	<u>270,762</u>
	<u>\$ 903,536</u>	<u>\$ 20,307</u>	<u>\$ (9,356)</u>	<u>\$ 914,487</u>

At June 30, 2013 and 2012, management believes that no investment security with a fair value below cost was other-than-temporarily impaired because declines in values were considered due to interest rate and other short-term fluctuations.

Collegiate Academies
Notes to the Financial Statements
(Continued)

C. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at:

	June 30,	
	2013	2012
Common core work	\$30,000	\$ -
Pathway to College	-	43,321
Blended learning	13,536	-
Technology	13,020	-
Music program	10,644	10,644
Science curriculum and lab	7,501	10,363
Garden	2,068	-
Books	200	-
	\$76,969	\$64,328

D. CONCENTRATION OF CREDIT RISK

The Organization maintained cash accounts at local banks during 2013 and 2012. The Federal Deposit Insurance Corporation provides insurance coverage under defined limits. At various times in 2013 and 2012, the Organization had funds on deposit at these entities which were in excess of the insured amount.

For the year ended June 30, 2013, the Organization received twenty-five (25) percent of its total revenue from federal sources and thirty-three (33) percent of its total revenues from state public school funds. For the year ended June 30, 2012, the Organization received thirty (30) percent of its total revenue from federal sources and thirty-four (34) percent of its total revenues from state public school funds.

E. RETIREMENT PLAN

During 2011, the Organization sponsored a 403(b) plan. Covered employees may elect to contribute a portion of their salaries to the plan. The Organization may elect to make discretionary contributions during any plan year. The Organization elected to make discretionary contributions of \$65,676 and \$30,593 for the years ended June 30, 2013 and 2012, respectively.

F. CONTINGENCIES

State Funding - The continuation of the Organization is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for 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 contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Collegiate Academies
Notes to the Financial Statements
(Continued)

G. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments are measured at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2 and no transfers into and out of Level 3 in 2013 and 2012. Transfers are recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment or impairment accounting. There were no nonrecurring fair value adjustments in 2013 and 2012.

Level 1 - Quoted market prices in active markets for identical assets at the measurement date.

Level 2 - Observable inputs (market data obtained from independent sources) other than quoted prices for the asset, either directly or indirectly observable, that reflect assumptions market participants would use to price the asset based on market data obtained from sources independent of the Organization.

Level 3 - Unobservable inputs that reflect the Organization's own assumptions about the assumptions market participants would use to price an asset based on the best information available in the circumstances.

The investments are valued at fair value using a market approach. The valuation methodology used for assets measured at fair value is as follows. Level 1 investments include those traded on an active exchange and encompass mutual funds and exchange-traded funds. These funds are valued at fair value at the net asset value of the shares held by the Organization at year end. Net asset value is calculated daily. There were no Level 2 or Level 3 investments. There has been no change in this methodology used during the year.

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

Collegiate Academies
Notes to the Financial Statements
(Continued)

G. FAIR VALUE MEASUREMENTS - Continued

The Organization's investments are reported at fair value in the accompanying statement of financial position on a recurring basis.

		<u>Fair Value Measurements at Reporting Date</u>			
		<u>Using</u>			
		Quoted Prices			
		in Active Markets for			
		Identical Assets			
		Significant Other Observable Inputs			
		Significant Unobservable Inputs			
		Fair Value	(Level 1)	(Level 2)	(Level 3)
<u>As of June 30, 2013</u>					
Mutual funds:					
Fixed income funds	\$	322,876	\$	322,876	\$ - \$ -
Equity funds		<u>666,815</u>		<u>666,815</u>	<u>-</u> <u>-</u>
	\$	<u>989,691</u>	\$	<u>989,691</u>	<u>\$ - \$ -</u>
<u>As of June 30, 2012</u>					
Mutual funds:					
Fixed income funds	\$	380,815	\$	380,815	\$ - \$ -
Equity funds		<u>533,672</u>		<u>533,672</u>	<u>-</u> <u>-</u>
	\$	<u>914,487</u>	\$	<u>914,487</u>	<u>\$ - \$ -</u>

H. LEASE AGREEMENT

The Organization has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the use of buildings and grounds as school facilities. The Organization is responsible for the payment of utilities, janitorial and sanitation, disposal services, and property taxes. There is no formal written lease agreement and therefore no amounts have been recognized as donated facilities.

The lease agreement states the RSD may move the Organization at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by the Organization, projected enrollment, program specific needs, and community needs.

PERFORMANCE STATISTICAL DATA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors Collegiate Academies New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Collegiate Academies (a nonprofit organization) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Collegiate Academies 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. Collegiate Academies is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of 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.

Education Levels of Public School Staff (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2012.
3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined that the individual’s experience was properly classified on the schedule.

Public Staff Data (Schedule K-5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2012 roll books for those classes and determined that the class was properly classified on the schedule.

Graduation Exit Examination (GEE) (Schedule 8)

10. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the school.

We noted the following exceptions as a result of applying the above procedures:

Education Levels of Public School Staff (Schedule K-2)

Finding:

We noted one (1) instance where a teacher was employed by Collegiate Academies as of October 1, 2012 but was not included on the PEP report.

Corrective Action Plan:

Management concurs with the finding. The mistake was identified and corrected by management and the teacher was included in the June 30, 2013 PEP report.

Finding:

We noted one (1) instance where a teacher was listed on the October 2012 PEP report by Collegiate Academies with a Master's degree however the teacher had a Bachelor's degree as of October 1, 2012.

Corrective Action Plan:

Management concurs with the finding. The preparer of the PEP report will verify education levels with each teacher prior to reporting to the state.

Finding:

We noted two (2) instances where teachers were listed as certified on the October 2012 PEP report by Collegiate Academies however their certifications had expired.

Corrective Action Plan:

Management concurs with the finding. The preparer of the PEP report will verify certification validity prior to reporting to the state.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

Finding:

We noted two (2) instances where teachers had the incorrect number of years of teaching experience on the October 2012 PEP report by Collegiate Academies.

Corrective Action Plan:

Management concurs with the finding. Management will verify years of experience per the resume on file prior to reporting to the state.

Public Staff Data (Schedule K-5)

Finding:

We noted two (2) instances where the teachers' salaries were not the actual paid during the year on the June 2013 PEP report by Collegiate Academies.

Corrective Action Plan:

Management concurs with the finding. Extra compensation was not included in the two (2) teachers' salaries for the June 30, 2013 PEP report. The preparer of the PEP report will verify salaries with the Director of Finance prior to reporting to the state.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Collegiate Academies, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
November 18, 2013

COLLEGIATE ACADEMIES NEW ORLEANS, LOUISIANA

Schedule K-1

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources For the Year Ended June 30, 2013

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,649,956	
Other instructional staff activities	71,307	
Employee benefits	313,844	
Purchased professional and technical services	116,142	
Instructional materials and supplies	330,181	
Less instructional equipment	-	
Total teacher and student interaction activities		\$ 2,481,430
Other instructional activities		113,165
Pupil support activities	\$ 470,798	
Less equipment for pupil support activities	-	
Net pupil support activities		470,798
Instructional staff services	\$ 103,514	
Less equipment for instructional staff services	-	
Net instructional staff services		103,514
School administration	\$ 1,054,112	
Less: Equipment for school administration	-	
Net school administration		1,054,112
Total general fund instructional expenditures		\$ 4,223,019
Total general fund equipment expenditures		\$ -

Certain Local Revenue Sources:

Not applicable to the Organization.

Note: Collegiate Academies receives local revenues from the Orleans Parish School Board which is passed through the Recovery School District. The School does not receive a detailed schedule of the source of these revenues. This section is not applicable to charter schools under the Recovery School District.

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-2

**Education Level of Public School Staff
As of October 1, 2012**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	21	73%	7	54%	-	-	3	100%
Master's Degree	7	24%	6	46%	-	-	-	-
Master's Degree +30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	1	3%	-	-	-	-	-	-
Total	29	100%	13	100%	-	-	3	100%

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-3

**Number and Type of Public Schools
For the Year Ended June 30, 2013**

Type	Number
Elementary	-
Middle/Jr. High	-
Secondary	3
Combination	-
Total	3

Note: Schools opened or closed during the fiscal year are included in this schedule.

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-4

**Experience of Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2012**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Classroom Teachers	6	16	18	2	-	-	-	42
Principals	-	-	3	-	-	-	-	3
Total	6	16	21	2	-	-	-	45

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-5

**Public School Staff Data: Average Salaries
2012-2013 School Year**

	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$53,195	\$53,195
Average Classroom Teacher's Salary Excluding Extra Compensation	\$52,223	\$52,223
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	42.1	42.1

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-6

**Class Size Characteristics
As of October 1, 2012**

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	63%	146	26%	62	10%	22	1%	1
High Activity Classes	63%	12	15%	3	11%	2	11%	2
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.

COLLEGIATE ACADEMIES NEW ORLEANS, LOUISIANA

Graduation Exit Examination (GEE)

For the Years Ended June 30, 2011, 2012, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	N/A	N/A	N/A	N/A	-	-	N/A	N/A	N/A	N/A	5	10%
Mastery	N/A	N/A	N/A	N/A	6	12%	N/A	N/A	N/A	N/A	13	25%
Basic	N/A	N/A	N/A	N/A	34	66%	N/A	N/A	N/A	N/A	25	49%
Approaching Basic	N/A	N/A	N/A	N/A	10	20%	N/A	N/A	N/A	N/A	4	8%
Unsatisfactory	N/A	N/A	N/A	N/A	1	2%	N/A	N/A	N/A	N/A	4	8%
Total					51	100%					51	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	N/A	N/A	1	2%	2	4%	N/A	N/A	-	-	-	-
Mastery	N/A	N/A	13	24%	13	25%	N/A	N/A	3	6%	5	10%
Basic	N/A	N/A	26	46%	32	61%	N/A	N/A	37	67%	40	77%
Approaching Basic	N/A	N/A	8	15%	4	8%	N/A	N/A	11	20%	5	10%
Unsatisfactory	N/A	N/A	7	13%	1	2%	N/A	N/A	4	7%	2	3%
Total			55	100%	52	100%			55	100%	52	100%

**OMB CIRCULAR A-133 COMPLIANCE AND
GOVERNMENT AUDITING STANDARDS REPORTS**

**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**

**Board of Directors
Collegiate Academies
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 financial statements of Collegiate Academies (a nonprofit organization) (the "Organization"), which comprise the Statement of Financial Position as of June 30, 2013, and the related Statement of Activities, Cash Flows, and Functional Expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 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 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.

**Board of Directors
Collegiate Academies**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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.

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
November 18, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

**Board of Directors
Collegiate Academies
New Orleans, Louisiana**

Report on Compliance for Each Major Federal Program

We have audited Collegiate Academies's (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditor's 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2013.

**Board of Directors
Collegiate Academies**

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 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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
November 18, 2013

Collegiate Academies
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Passed-through LA Dept of Education		
Title I Grants to Local Educational Agencies	84.010	\$ 431,441
IDEA - Part B - Special Education	84.027	111,463
Public Charter Schools Program	84.282	114,615
Title II Improving Teacher Quality State Grants	84.367	20,705
School Improvement Grants, Recovery Act *	84.388	429,744
Race to the Top	84.413	<u>15,542</u>
		<u>1,123,510</u>
Passed-through New Schools for New Orleans		
Teacher Incentive Fund *	84.374	244,555
Investing in Innovation (i3) Fund	84.396	<u>477,295</u>
		<u>721,850</u>
Total U.S. Department of Education		<u>\$ 1,845,360</u>
<u>U.S. Department of Agriculture</u>		
Passed-Through State Department of Education:		
School Breakfast Program		
Free and Reduced Price Meals	10.553	\$ 71,940
National School Lunch Program		
Free and Reduced Price Meals	10.555	193,039
After School Snacks	10.558	<u>72,124</u>
Total U.S. Department of Agriculture		<u>\$ 337,103</u>
Total Federal Assistance		<u>\$ 2,182,463</u>

* Identified as a major program

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Collegiate Academies
Note to the Schedule of Expenditures of
Federal Awards
For the Year Ended June 30, 2013

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Collegiate Academies and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Collegiate Academies
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Collegiate Academies (a nonprofit organization).
2. No instances of noncompliance material to the financial statements of Collegiate Academies were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133*.
4. The *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
5. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. A management letter was not issued for the year ended June 30, 2013.
7. The programs tested as a major program for the year ended June 30, 2013 were:

<u>Program Title</u>	<u>CFDA No.</u>
School Improvement Grants, Recovery Act	84.388
Teacher Incentive Fund	84.374

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. Collegiate Academies qualified as a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to the financial statement for the year ended June 30, 2013.

**Collegiate Academies
Summary Schedule of Prior Audit Findings and
Questioned Costs
For the Year Ended June 30, 2013**

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Not applicable

**SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL
AWARD PROGRAMS**

Not applicable

SECTION III - MANAGEMENT LETTER

Not applicable.