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NORTHWOOD PREPARATORY HIGH SCHOOL

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

June 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/15/03

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# Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northwood Preparatory High School  
Amite, Louisiana

We have audited the accompanying statement of financial position of Northwood Preparatory High School (a nonprofit organization) as of June 30, 2002 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwood Preparatory High School as of June 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note N to the financial statements, the School has incurred a deficit in net assets at June 30, 2002 of \$373,847 relating to disallowments of student by the Louisiana Department of Education. This condition raises substantial doubt about the School's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note N. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

An audit was performed for the purpose of forming an opinion on the financial statements of Northwood Preparatory High School. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Smith, Huval & Associates, L.L.C.*

November 7, 2002

NORTHWOOD PREPARATORY HIGH SCHOOL

STATEMENT OF FINANCIAL POSITION

June 30, 2002

ASSETS

Current Assets

Cash	\$ 167,143
Grants receivable	174,608
Prepaid expenses	<u>17,501</u>
Total current assets	359,252

Property, Plant and Equipment

Furniture and fixtures	63,319
Leasehold improvements	82,818
Vehicles	97,815
Equipment	<u>231,907</u>
Total at cost	475,859
Less accumulated depreciation	<u>(138,356)</u>
Net property, plant and equipment	<u>337,503</u>

\$ 696,755

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 60,053
Accrued expenses	203,026
Capital lease payable	14,324
Current maturity on notes payable	71,405
Due to Louisiana Department of Education	673,340
Contingent liability	<u>35,000</u>
Total current liabilities	1,057,148

Other Liabilities

Notes payable	<u>13,454</u>
---------------	---------------

Total liabilities 1,070,602

Net assets - unrestricted (373,847)

\$ 696,755

The accompanying notes are an integral part of this statement.

NORTHWOOD PREPARATORY HIGH SCHOOL

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2002

	<u>Unrestricted</u>
<b>Support and Revenue</b>	
State public school funding	\$ 2,054,497
Other state funding	27,233
Federal sources	281,223
Investment income	1,966
Other income	<u>38,101</u>
Total support and revenue	2,403,020
<b>Expenses</b>	
Instruction	
Regular education programs	1,019,069
Special education programs	166,933
Other instructional programs	148,481
Special programs	25,879
<i>Support services</i>	
Pupil support	170,524
Instructional staff support	8,162
General administration	85,154
School administration	338,763
Business services	36,451
Operation and maintenance of plant	492,165
Pupil transportation	88,507
Central services	25,740
Food service	83,891
Debt service	
Interest	15,898
Change in estimates - contingent liability	<u>24,000</u>
Total expenses	<u>2,729,617</u>
Change in net assets	(326,597)
Net assets - beginning	<u>(47,250)</u>
Net assets - ending	<u>\$ (373,847)</u>

The accompanying notes are an integral part of this statement.

NORTHWOOD PREPARATORY HIGH SCHOOL

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2002

Cash Flows From Operating Activities:	
Decrease in net assets	\$ (326,597)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	81,157
Increase in grants receivable	(128,470)
Increase in prepaid expenses	(6,016)
Increase in accounts payable	31,795
Increase in accrued expenses	39,737
Increase in State public school funding disallowment	556,941
Increase in contingent liability	<u>24,000</u>
Total adjustments	<u>599,144</u>
Net cash provided by operating activities	272,547
Cash Flows From Investing Activities:	
Purchase of fixed assets	<u>(67,617)</u>
Net cash used by investing activities	(67,617)
Cash Flows From Financing Activities:	
Proceeds from notes payable	13,122
Payments on capital lease obligations	(20,636)
Payments on notes payable	<u>(96,131)</u>
Net cash provided by financing activities	<u>(103,645)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	101,285
Cash and cash equivalents at beginning of year	<u>65,858</u>
Cash and cash equivalents at end of year	<u>\$ 167,143</u>

The accompanying notes are an integral part of this statement.

NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwood Preparatory High School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on June 19, 1999. The School entered into a Charter School Contract with the Louisiana State Board of Elementary and Secondary Education beginning July 1, 1999 whereby the School would operate a Type II charter school as defined in LSA R.S. 17:3971, et. seq. The School serves eligible students in grades ninth through twelfth primarily in the parishes of Tangipahoa and St. Helena.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Financial statement presentation

The School follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

2. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of Northwood Preparatory High School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

3. Revenues

The School's primary source of funding is through the State Public School Fund. The School receives \$5,140 per eligible student in attendance on October 1, payable in monthly installments. The October 1 student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. As discussed in Note I, a liability has been accrued for students disallowed by the Louisiana Department of Education.

State and federal grants are on a cost reimbursement basis. Accrual is made when eligible expenses occur.



NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments which naturally add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$81,157 for the year ended June 30, 2002. The following are the estimated useful lives of the fixed assets of the School.

	<u>Useful Lives</u>
Leasehold improvements	5
Furniture and equipment	5-7
Equipment	5-7

5. Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization.

6. Statement of Cash Flows

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be a cash equivalent.

7. Use of Estimates

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

8. Concentration of Credit Risks

Financial instruments that potentially subject the School to concentrations of credit risk consists of cash in excess of federally insured limits of \$130,294.



NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE B - CASH AND INVESTMENTS

As of June 30, 2002 cash consists of demand deposits in a local bank of \$167,143.

NOTE C - GRANT RECEIVABLE

As of June 30, 2002 receivables consisted of amounts due from following sources:

Special education	\$ 2,959
IASA grants	
Title I	152,445
LEAP remediation	18,469
PIP	<u>735</u>
	<u>\$ 174,608</u>

NOTE D - CAPITAL LEASE OBLIGATION

The School is obligated under a capital lease with a finance company. The total cost of equipment acquired through the capital lease is \$54,407. The lease requires 39 monthly payments of \$2,062 expiring on December 27, 2003 with a purchase option of \$1. The School is also obligated under another capital lease with a finance company. The total cost of equipment acquired through this capital lease is \$8,912. The lease requires 29 monthly payments of \$392 expiring on February 28, 2003 with a purchase option of \$1.

The future minimum lease payments due under the capital leases are as follows at June 30:

2003	<u>\$ 15,507</u>
Total future minimum lease payments	15,507
Less amount representing interest	<u>(1,180)</u>
Present value of net minimum lease payments	<u>\$ 14,324</u>

NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE E - OPERATING LEASE COMMITMENTS

The School leases land and portable buildings under operating leases. The monthly rental for the land is \$3,500 through an initial term ending June 30, 2002. The School has exercised its option to renew the lease for an additional two years. The rental for the portable buildings totals \$14,488 monthly with the term ending in June, 2004. At that time, the School may continue to pay rentals on a month-to-month basis. Future minimum lease payments are as follows at June 30:

<u>Year Ending</u>	<u>Land</u>	<u>Buildings</u>
2003	\$ 42,000	\$ 173,861
2004	42,000	173,861
2005	<u>10,500</u>	<u>-</u>
	<u>\$ 94,500</u>	<u>\$ 347,722</u>

NOTE F - NOTES PAYABLE

At June 30, 2001, the School was obligated under the following agreements:

Note payable to Taylor Bus Sales, Inc. dated May 8, 2001, payable in thirty monthly installments of \$2,717 including interest at a rate of 14%, secured by six buses. \$ 41,683

Note payable to Time Trend, Inc. dated April 17, 2001, payable in eight quarterly installments of \$15,660, principle only, secured by IBM computers. 31,320

Note payable to Interstate Premium Finance Corp. dated May 9, 2002, payable in nine monthly installments of \$1,384 including interest at a rate of 12%, unsecured. 11,856

\$ 84,859

NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE F - NOTES PAYABLE (Continued)

Total future principal payments under the above obligations at June 30 are as follows:

<u>Year Ending</u>	
2003	\$ 71,405
2004	<u>13,464</u>
	<u>\$ 84,869</u>

NOTE G - INSURANCE COVERAGE

As of June 30, 2002, the School had the following insurance policies in effect:

<u>Type of Coverage</u>	<u>Expiration</u>	<u>Coverage Limits</u>
General liability	September 16, 2002	Aggregate \$3,000,000 Each occur. \$1,000,000 Injury \$1,000,000 Sexual misconduct \$300,000
Crime	September 16, 2002	Theft \$5,000
Professional liability	September 16, 2002	Aggregate \$3,000,000 Each occur. \$1,000,000 Medical \$25,000
Property	September 16, 2002	Replacement cost 100%
Workmen's Compensation	June 30, 2002	Statutory

NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE H - CONTINGENT LIABILITIES

During the year ended June 30, 2000, a full-time employee exhausted all of her sick leave due to complications incurred during her pregnancy. The employee did not return to work in the 1999-2000 school year. The employee has filed suit in district court seeking payment of back wages and related benefits. The basis for her claim is related to similar extended benefits offered by the Tangipahoa Parish School Board. The School's charter does not contain any language regarding application of such benefits. The district court awarded the former employee an award of \$35,000 which has been recorded as a liability at June 30, 2002. The School has filed an appeal of this judgement.

NOTE I - ANNUAL FINANCIAL REPORT RECONCILIATION

The School has submitted an Annual Financial Report to the Louisiana Department of Education for the year ended June 30, 2002. The following is a reconciliation between total expenses reported on the Annual Financial Report and total expenses presented in these financial statements:

Total expenses per Annual Financial Report	\$2,822,266
Reconciling items:	
Capitalization of fixed assets	(65,683)
Principal payments on capital lease and notes payable	(108,123)
Depreciation of fixed assets	<u>81,157</u>
Total expenses	<u>\$2,729,617</u>

NOTE J - RETIREMENT PLANS

Substantially all employees of the School are members of the Teachers' Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information, relative to the plan follows:

Teachers' Retirement System of Louisiana (TRS)

Plan Description: The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE J - RETIREMENT PLANS (Continued)

Teachers' Retirement System of Louisiana (TRS) - Continued

Funding policy: Plan members are required to contribute 8 % of their annual covered salary. The School is required to contribute at an actuarially determine rate. The current rate is 15.2% of annual eligible covered payroll. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the year ended June 30, 2002 was \$118,637, equal to the required contribution for the year.

NOTE K - FIXED ASSETS

Depreciation expense for the year ended June 30, 2002 was \$81,157.

All assets acquired with Department of Education funds are owned by the school while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

NOTE L - CONCENTRATION OF FUNDS

The organization receives almost all of its funding from the State of Louisiana.

NOTE M - LETTER OF CREDIT

The School has a letter of credit agreement totaling \$10,000 in favor of the Louisiana High School Athletic Association. Also, the School has a letter of credit agreement totaling \$55,000 in favor of the 21<sup>st</sup> Judicial Court related to the judgement discussed in Note H. As of June 30, 2002, there have been no draws upon these letters of credit.

NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE N - GOING CONCERN

The School's revenues from the State Public School Fund are based on a contracted annual amount per student in attendance on October 1, 2001. For the year ended June 30, 2002, the School received payments based on its student count of 531. Total payments received from the Louisiana Department of Education was \$2,729,340. The Louisiana Department of Education has audited the School's student count and has disallowed 131 students resulting in a liability to the State of \$673,340 and a deficit in net assets at June 30, 2000 of \$373,847. The liability to the State is expected to be withheld from the School's 2002-2003 State Public School Fund monthly with installments beginning in February 2003 and concluding June 30, 2003. The School is currently in the process of submitting documents to rebut disallowments to the Louisiana Department of Education. Should the number of disallowments not be reduced significantly, the School will attempt to reduce expenses over the remainder of the year,

As discussed in the Independent Auditors' Report on these financial statements, this condition raises substantial doubt about the School's ability to continue as a going concern. These financial statements have been presented on the basis that the School is a going concern.

SCHEDULES REQUIRED BY STATE LAW

(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)



# Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Northwood Preparatory High School  
Amite, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Northwood Preparatory High School and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Northwood Preparatory High School 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. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the 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 relate to the accompanying schedules of supplemental information and are as follows:

### General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 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
  - Nonpublic Transportation Revenue

Findings:

None

To the Board of Directors  
of Northwood Preparatory High School

Education Levels of Public School Staff (Schedule 2)

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

Findings:

None

Number and Type of Public Schools (Schedule 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.

Findings:

None

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

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

Findings:

None

To the Board of Directors  
Northwood Preparatory High School

Public Staff Data (Schedule 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 each to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Findings:

None

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Findings:

None

Class Size Characteristics (Schedule 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 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

The Louisiana Department of Education has audited the October 1 student count and has disallowed 131 of the 504 students.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Northwood Preparatory High School.

Findings:

None

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. Not applicable.

To the Board of Directors  
Northwood Preparatory High School

The IOWA Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Northwood Preparatory High School.

Findings:

None

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 use of management of Northwood Preparatory High School, *the Louisiana Department of Education, the Louisiana Legislature*, and the Legislative Auditor, State of Louisiana, 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.

November 14, 2002

*Smith, Heval & Associates, L.L.C.*

NORTHWOOD PREPARATORY HIGH SCHOOL

SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)

As of and for the Year Ended June 30, 2002

**Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 3 - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 4 - Experience of Public Teachers and Full-time Classroom Teachers**

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 5 - Public School Staff Data**

This schedule includes average classroom teachers salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 6 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

**Schedule 7 - Louisiana Educational Assessment Program (LEAP)**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 - The Graduation Exit Exam**

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

NORTHWOOD PREPARATORY HIGH SCHOOL

SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA) (CONTINUED)

As of and for the Year Ended June 30, 2002

**Schedule 9 - The IOWA Tests**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

NORTHWOOD PREPARATORY HIGH SCHOOL

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES  
AND CERTAIN LOCAL REVENUE SOURCES

For the Year Ended June 30, 2002

Schedule 1

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	468,659	
Other Instructional Staff Activities		130,678	
Employee Benefits		135,926	
Purchased Professional and Technical Services		142,409	
Instructional Materials and Supplies		109,275	
Instructional Equipment		1,000	
Total Teacher and Student Interaction Activities			\$ 987,947

Other Instructional Activities 107,886

Pupil Support Activities	171,931	
Less: Equipment for Pupil Support Activities	0	
Net Pupil Support Activities		171,931

Instructional Staff Services	22,562	
Less: Equipment for Instructional Staff Services	0	
Net Instructional Staff Services		22,562

Total General Fund Instructional Expenditures \$ 1,290,326

Total General Fund Equipment Expenditures \$ 25,459

**Certain Local Revenue Sources**

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$	0
Renewable Ad Valorem Tax		0
Debt Service Ad Valorem Tax		0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		0
Sales and Use Taxes		0
Total Local Taxation Revenue	\$	0

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$	0
Earnings from Other Real Property		0
Total Local Earnings on Investment in Real Property	\$	0

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$	0
Revenue Sharing - Other Taxes		0
Revenue Sharing - Excess Portion		0
Other Revenue in Lieu of Taxes		0
Total State Revenue in Lieu of Taxes	\$	0

Nonpublic Textbook Revenue \$ 0

Nonpublic Transportation Revenue \$ 0



NORTHWOOD PREPARATORY HIGH SCHOOL  
 EDUCATION LEVELS OF PUBLIC SCHOOL STAFF

As of October 1, 2001

Schedule 2

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	2	10.00%	12	60.00%	1	33.33%		
Master's Degree	4	25.00%	1	5.00%	1	33.33%		
Master's Degree + 30					1	33.34%		
Specialist in Education								
Ph. D. or Ed. D.								
<b>Total</b>	<b>6</b>	<b>35.00%</b>	<b>13</b>	<b>65.00%</b>	<b>3</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>

NORTHWOOD PREPARATORY HIGH SCHOOL

NUMBER AND TYPE OF PUBLIC SCHOOLS

For the Year Ended June 30, 2002

Schedule 3

<b>Type</b>	<b>Number</b>
Elementary	
Middle/Jr. High	
Secondary	1
Combination	
<b>Total</b>	<b>1</b>

NORTHWOOD PREPARATORY HIGH SCHOOL

EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS

As of October 1, 2001

Schedule 4

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	<b>Total</b>
Assistant Principals		1					1	<b>2</b>
Principals						1		<b>1</b>
Classroom Teachers	8	1	7	1	2			<b>19</b>
<b>Total</b>	<b>8</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>22</b>

NORTHWOOD PREPARATORY HIGH SCHOOL

PUBLIC SCHOOL STAFF DATA

For the Year Ended June 30, 2002

Schedule 5

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC and Rehired Retirees</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	<b>39,941</b>	<b>39,941</b>
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	<b>37,864</b>	<b>37,864</b>
<b>Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	<b>19</b>	<b>19</b>

NORTHWOOD PREPARATORY HIGH SCHOOL

CLASS SIZE CHARACTERISTICS

As of October 1, 2001

Schedule 6

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	36%	56	22%	34	21%	33	6%	10
High Activity Classes	11%	17	2%	3	2%	3	0%	0
Combination								
Combination Activity Classes								

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NORTHWOOD PREPARATORY HIGH SCHOOL

LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP) FOR THE 21ST CENTURY

For the Year Ended June 30, 2002

Schedule 7

This schedule is not applicable to Northwood Preparatory High School.

NORTHWOOD PREPARATORY HIGH SCHOOL

THE GRADUATION EXIT EXAM FOR THE 21ST CENTURY

For the Year Ended June 30, 2002

Schedule 8

District Achievement Level Results	English Language Arts						Mathematics					
	2002		2001		2000		2002		2001		2000	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 10</b>					N/A	N/A					N/A	N/A
Advanced	0	0.00%			N/A	N/A	0	0.00%			N/A	N/A
Proficient	2	1.72%			N/A	N/A	1	0.89%			N/A	N/A
Basic	22	18.97%	1	2.85%	N/A	N/A	7	6.19%	2	5.71%	N/A	N/A
Approaching Basic	17	14.65%	6	17.14%	N/A	N/A	9	7.96%			N/A	N/A
Unsatisfactory	75	64.66%	28	80.01%	N/A	N/A	96	84.96%	33	94.29%	N/A	N/A
Total	116	100%	35	100%	N/A	N/A	113	100%	35	100%	N/A	N/A

District Achievement Level Results	Science						Social Studies					
	2002		2001		2000		2002		2001		2000	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 11</b>			N/A	N/A	N/A	N/A			N/A	N/A	N/A	N/A
Advanced	0	0.00%	N/A	N/A	N/A	N/A	0	0.00%	N/A	N/A	N/A	N/A
Proficient	3	3.00%	N/A	N/A	N/A	N/A	0	0.00%	N/A	N/A	N/A	N/A
Basic	5	4.00%	N/A	N/A	N/A	N/A	5	5.00%	N/A	N/A	N/A	N/A
Approaching Basic	24	20.00%	N/A	N/A	N/A	N/A	18	16.00%	N/A	N/A	N/A	N/A
Unsatisfactory	87	73.00%	N/A	N/A	N/A	N/A	87	79.00%	N/A	N/A	N/A	N/A
Total	119	100%	N/A	N/A	N/A	N/A	110	100%	N/A	N/A	N/A	N/A



NORTHWOOD PREPARATORY HIGH SCHOOL

THE IOWA TESTS

For the Year Ended June 30, 2002

Schedule 9

	Composite		
	2002	2001	2000
<b>Test of Basic Skills (ITBS)</b>			
Grade 3	N/A	N/A	N/A
Grade 5	N/A	N/A	N/A
Grade 6	N/A	N/A	N/A
Grade 7	N/A	N/A	N/A
<b>Tests of Educational Development (ITED)</b>			
Grade 9	18	17	Not given

SUPPLEMENTAL INFORMATION

NORTHWOOD PREPARATORY HIGH SCHOOL

SCHEDULE OF BOARD OF DIRECTORS

June 30, 2002

BOARD MEMBERS

COMPENSATION

Julie Byers  
P. O. Box 322  
Roseland, LA 70456  
985-748-6243

-0-

Bernell Cook  
4645 North Fuller Road  
Baton Rouge, LA 70816  
225-368-0905

-0-

Jacqueline Bush  
P. O. Box 213  
Amite, LA 70422  
985-748-7595

-0-

Ples Jennings  
1740 Hano Road  
Independence, LA 70443  
985-748-5918

-0-

Ann Magnuson  
606 Rue Chalet  
Hammond, LA 70403  
985-419-8082

-0-

Mike Saucier  
42055 Dunson Road  
Ponchatoula, LA 70454  
985-386-5657

-0-

Krystal Dillon  
43468 Robinson Road  
Hammond, LA 70403  
985-345-8151

-0-

# Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 3790

Covington, Louisiana 70434-3790

Samuel K. Smith, CPA  
Patrick "Bryan" Huval, CPA

(985) 892-6633 - Covington  
(985) 892-4666 - FAX

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Northwood Preparatory High School  
Amite, Louisiana

We have audited the financial statements of Northwood Preparatory High School (a nonprofit organization) as of and for the year ended June 30, 2002 and have issued our report thereon dated November 7, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Northwood Preparatory High School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwood Preparatory High School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, the Board of Directors, the Louisiana Legislative Auditor and the Louisiana Department of Education and is not intended for and should not be used by other than those specified parties.

*Smith, Huval & Associates, L.L.C.*

November 7, 2002

NORTHWOOD PREPARATORY HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2002

2002-1      The School's Charter School Contract requires that 75% of its teachers maintain state certification. During the year ended June 30, 2002, only 37% of the School's teachers held certification under state guidelines.

Management

Response:      The School has instituted a program where any uncertified teacher must attend an accredited university that is enrolled in the alternative certification program. Each of the teachers attended classes last summer and presented copies of grades to the human resource director. Management's goal is to have 100% of the school's teachers certified.

2002-2      The School has made payments to a member of the director's family on a contract basis. These payments appear to be violations of Section 1113A of the Louisiana Code of Ethics. We recommend that the School consult with its legal counsel to seek a resolution of this matter.

Management

Response:      The director has requested an opinion from the Louisiana Ethics Board regarding charter school law. The School is waiting on that response and will act accordingly.

2002-3      LRS 17.3995A(1) requires an accurate student count as of October 1 be reported to the Louisiana Department of Education. Results of the Louisiana Department of Education's audit of the student count indicated 131 disallowments of a total of 504 students. We recommend that the School strengthen its policies and procedures related to the student count to ensure that a more accurate count is submitted to the Louisiana Department of Education.

Management

Response:      Management is addressing the matter with the Louisiana Department of Education finance office and will take all necessary steps.

NORTHWOOD PREPARATORY HIGH SCHOOL

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2002

2001-1 Percentage of teachers certified under 75% required by School Charter.

Status: This finding has not been resolved. See finding 2002-1.

2001-2 Possible violation of Louisiana Code of Ethics.

Status: This finding has not been resolved. See findings 2002-2.