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**COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana**

**FINANCIAL STATEMENTS
For the Years Ended June 30, 2004 and 2003**

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

**CERTIFIED PUBLIC ACCOUNTANTS
BATON ROUGE, LOUISIANA**

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 3-2-05

TABLE OF CONTENTS

	<u>PAGE</u>
AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF CASH FLOWS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
NOTES TO FINANCIAL STATEMENTS	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10

THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Community School for Apprenticeship Learning
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of The Community School for Apprenticeship Learning (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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 audits provide 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 The Community School for Apprenticeship Learning as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 7 to the financial statements, the School's charter is contingent upon the School meeting test score standards set by the East Baton Rouge Parish School Board. If at anytime the School does not meet the test score standards, the East Baton Rouge Parish School Board has the power to revoke the charter and that raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2004, on our consideration of The Community School for Apprenticeship Learning's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Thomas, Wilson, Ragusa, Uffman & Co CPA

Certified Public Accountants
August 31, 2004

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)

ASSETS

	For the Years Ended June 30,	
	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash	\$ 29,008	\$ 11,765
Accounts Receivable – MFP	49,892	23,556
Accounts Receivable – TANF Grants	28,299	0
Employee Receivable	651	0
Prepaid Assets	<u>4,460</u>	<u>2,056</u>
TOTAL CURRENT ASSETS	112,310	37,377
PROPERTY AND EQUIPMENT:		
Furniture and Fixtures	17,042	17,042
Equipment	49,949	46,672
Landscaping	<u>1,870</u>	<u>1,870</u>
TOTAL PROPERTY AND EQUIPMENT	68,861	65,584
Less Accumulated Depreciation	<u>53,513</u>	<u>45,078</u>
NET PROPERTY AND EQUIPMENT	<u>15,348</u>	<u>20,506</u>
TOTAL ASSETS	<u>\$ 127,658</u>	<u>\$ 57,883</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Cash Overdraft	\$ 502	\$ 0
Accounts Payable	862	0
Accrued Payroll Taxes	698	2,886
Accrued Insurance	<u>1,787</u>	<u>0</u>
TOTAL LIABILITIES (ALL CURRENT)	3,849	2,886
NET ASSETS:		
Unrestricted	<u>123,809</u>	<u>54,997</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 127,658</u>	<u>\$ 57,883</u>

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES
(See Notes to Financial Statements)

CHANGES IN UNRESTRICTED NET ASSETS	For the Years Ended June 30,	
PUBLIC SUPPORT REVENUES AND OTHER SUPPORT:	<u>2004</u>	<u>2003</u>
East Baton Rouge Parish School Board Support – MFP	\$ 843,789	\$ 805,284
Department of Education – TANF Grants	167,978	0
East Baton Rouge Parish School Board Support – Food Allocation	57,671	46,738
East Baton Rouge Parish School Board Support – Miscellaneous	3,744	3,192
Student Services – Fees and Miscellaneous	1,259	1,909
Donations – Unrestricted	105	42
Interest Income	0	2
Miscellaneous	<u>808</u>	<u>10,157</u>
 TOTAL PUBLIC SUPPORT REVENUES AND OTHER SUPPORT	 1,075,354	 867,324
 EXPENDITURES:		
Program Expenses	634,466	655,661
Administrative Expenses	<u>372,076</u>	<u>262,538</u>
 TOTAL EXPENDITURES	 <u>1,006,542</u>	 <u>918,199</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 68,812	 (50,875)
 UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	 <u>54,997</u>	 <u>105,872</u>
 UNRESTRICTED NET ASSETS AT END OF YEAR	 <u>\$ 123,809</u>	 <u>\$ 54,997</u>

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS
(See Notes to Financial Statements)

	For the Years Ended June 30,	
	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Students for Student Services	\$ 1,259	\$ 1,909
Cash Received from East Baton Rouge School Board	878,868	881,637
Cash Received from Department of Education	139,679	0
Cash Received from Donation	105	42
Cash Received from Fund Raising	0	123
Cash Received from Other Sources	808	10,034
Interest Received	0	2
Cash Paid to Employees	(555,781)	(479,892)
Cash Paid for Expenses	<u>(444,920)</u>	<u>(435,594)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 20,018	 (21,739)
 CASH FLOWS USED IN INVESTING ACTIVITIES:		
Cash Paid for Furniture and Equipment	(3,277)	0
 CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Cash Overdraft	<u>502</u>	<u>0</u>
 NET INCREASE (DECREASE) IN CASH	 17,243	 (21,739)
 CASH, BEGINNING OF YEAR	 <u>11,765</u>	 <u>33,504</u>
 CASH, END OF YEAR	 <u>\$ 29,008</u>	 <u>\$ 11,765</u>

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)

	For the Years Ended June 30,			2003
	2004	2004	2004	
EXPENSES:	Administrative Expenses	Program Expenses	Total	Total
Salaries	\$ 195,405	\$ 360,376	\$ 555,781	\$ 476,942
Contract Labor	-	5,948	5,948	2,950
Payroll Taxes	5,718	10,546	16,264	8,818
Employee Benefit Other	-	1,774	1,774	-
Advertising and Promotional	-	27	27	559
Materials, Supplies, Books & Periodicals	26,617	1,866	28,483	28,678
Depreciation	8,434	-	8,434	9,593
Dues and Subscriptions	2,184	-	2,184	765
Equipment Rental	2,075	2,076	4,151	1,438
Food Service	-	66,795	66,795	62,117
Insurance	22,780	25,704	48,484	48,113
Interest	124	-	124	-
Janitorial	2,250	-	2,250	1,998
Legal and Professional	15,579	-	15,579	33,859
Miscellaneous	7,409	-	7,409	1,120
Utilities	-	-	-	246
Postage and Telephone	1,868	1,869	3,737	6,626
Technical and Professional Services	10,604	-	10,604	364
Rent	-	52,162	52,162	26,450
Repairs and Maintenance	12,804	-	12,804	7,260
Retirement	21,123	38,956	60,079	60,490
Transportation	-	34,784	34,784	67,955
Travel	5,519	-	5,519	-
EBR Parish School Board - Indirect Costs	<u>31,583</u>	<u>31,583</u>	<u>63,166</u>	<u>71,858</u>
TOTAL EXPENSES	<u>\$ 372,076</u>	<u>\$ 634,466</u>	<u>\$1,006,542</u>	<u>\$ 918,199</u>

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-1-
June 30, 2004 and 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The School is an independent public middle school with a charter to operate in East Baton Rouge Parish expiring July 31, 2007. The School has an enrollment of 130 students and teaches using an apprenticeship interdisciplinary curriculum for children who have difficulties learning in a traditional school model.

The School is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Support – The School receives the majority of its support from the East Baton Rouge Parish School Board. The East Baton Rouge Parish School Board pays the School a monthly fee based on the enrollment.

The School also applies for various grants from the private and public sector. The grants are for specific items and are nonrecurring.

Concentration of Support – The School received approximately 84% of its annual revenue from the East Baton Rouge Parish School Board.

Contributions – Contributions received are allocated as restricted or unrestricted based on the donors' stipulations.

Donated Services – No amounts have been reflected in the financial statements for donated services. The School generally pays for services requiring specific expertise. However, some Board Members volunteer their time and perform a variety of tasks that assist the Organization with administrative programs.

Program – The sole program of the School is an instructional program.

Functional Expenses – The costs of providing various program and administrative services have been reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the various program and administrative services based on estimates made by management.

Cash and Cash Equivalents – Cash includes all unrestricted cash in banks.

Property and Equipment – Purchased property and equipment is capitalized at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets.

Accounts Receivable – Bad debts are charged to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements. No amounts for an allowance for bad debts have been established as the School expects to collect the balance in full.

Use of Estimates – Management used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Advertising – The School expenses advertising costs as they are incurred.

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable MFP at June 30, 2004 and 2003 represent the amounts due from the East Baton Rouge Parish School Board net of monthly expenses paid directly to the School Board through deduction from total support. This amount was received within 60 days after year-end.

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-2-
June 30, 2004 and 2003

NOTE 2: ACCOUNTS RECEIVABLE (CONTINUED)

Accounts receivable – TANF Grants at June 30, 2004 and 2003 represent the amounts due from the Louisiana Department of Education. This amount was received within 60 days after year-end.

NOTE 3: RELATED PARTY TRANSACTIONS

During the year ended June 30, 2003, the School paid a relative of the Dean of Students \$3,405 for contract labor and reimbursed another relative \$447 for supplies. The School did not incur any related party expenses for the year ended June 30, 2004.

NOTE 4: OPERATING LEASE

The School leases its facilities from the East Baton Rouge Parish School Board on a year-to-year basis. During the year ended June 30, 2003, monthly rent of \$2,167 was deducted from the monthly East Baton Rouge Parish Support. During the year ended June 30, 2004, monthly rent of \$2,167 was deducted from the monthly support through December 2003. Beginning in January 2004, East Baton Rouge Parish increased the monthly rent deducted from the support to \$6,527. Total rent paid during the year ended June 30, 2004 and 2003 was \$56,162 and \$26,450. Estimated annual rental obligation for the year ending June 30, 2004 is \$78,324.

The School leases office equipment on a monthly basis. The rental fee is determined by the number of copies produced each month. The average monthly rental cost is \$346. Total equipment rental for the years ended June 30, 2004 and 2003 was \$4,151 and \$1,438, respectively.

NOTE 5: RETIREMENT PLAN

School employees are covered by the East Baton Rouge Parish Teacher's Retirement Plan. Employees are required to defer 8% of their salary into the plan. The School contributes an additional 13.8% into the plan. During the years ended June 30, 2004 and 2003 the School contributed \$60,079 and \$60,490, respectively, to the plan.

Individuals employed for the TANF after school programs are not eligible to be participate in the Teachers Retirement Plan but are covered by the social security system.

NOTE 6: SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Reconciliation of net income to net cash provided by operating activities:

	<u>2004</u>	<u>2003</u>
Increase (Decrease) in Net Assets	\$ 68,812	\$ (50,875)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	8,435	9,593
(Increase) Decrease in Accounts Receivable – MFP	(26,336)	26,423
Increase in Accounts Receivable – TANF Grants	(28,299)	0
Increase in Employee Receivable	(651)	0
Increase in Prepaid Expenses	(2,404)	(2,056)
Increase (Decrease) in Accounts Payable	862	(5,262)
(Decrease) Increase in Payroll Taxes Payable	(2,188)	438
Increase in Accrued Insurance	<u>1,787</u>	<u>0</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 20,018</u>	 <u>\$ (21,739)</u>

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-3-
June 30, 2004 and 2003

NOTE 6: SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (CONTINUED)

Disclosure of Accounting Policy:

For purposes of the statement of cash flows, cash includes all unrestricted cash accounts held at financial institutions and cash on hand.

NOTE 7: GOING CONCERN

A provision of the new charter requires that the School meet yearly test score standards set in place by the School Board. If the test score standards are not met the School Board has the ability to revoke the Charter before the 2007 expiration date. The School Board provided 98% and 84% of the School's funding for the 2003 and 2004 fiscal year, respectively.

THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the financial statements of The Community School for Apprenticeship Learning as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated August 31, 2004. 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 The Community School for Apprenticeship Learning'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Community School for Apprenticeship Learnings' 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 purpose 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Community School for Apprenticeship Learning, in a separate letter dated August 31, 2004

This report is intended for the information of the board of directors and management, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thomas, Wilson, Ragusa, Uffman & Co CPA

Certified Public Accountants
August 31, 2004

THE COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The Community School for Apprenticeship Learning.
2. No reportable conditions relating to the audits of the financial statements are reported in The Community School for Apprenticeship Learning's report on compliance and on internal control over financial reporting based on an audit of financial statements in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of The Community School for Apprenticeship Learning were disclosed during the audits.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

THOMAS, WILSON, RAGUSA, UFFMAN & CO.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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To the Board of Directors
The Community School for Apprenticeship Learning

In planning and performing our audit of the financial statements of The Community School for Apprenticeship Learning (a non-profit organization) for the year ended June 30, 2004, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated August 31, 2004, on the financial statements of The Community School for Apprenticeship Learning.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Invoices and Supporting Documentation

One out of ten cash disbursements for the after school programs reviewed during the test of transactions did not have a supporting invoice. The invoices for each non payroll transaction associated with the after school programs were randomly filed in numerous envelopes maintained by the program director. The filing system, while maintaining the invoices, did not allow for an efficient invoice retrieval process. The after school programs should develop internal controls that require all expenditures to be properly supported with an original invoice and develop a filing system that allows for proper archiving and efficient retrieval of supporting documents

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Thomas, Wilson, Ragusa, Uffman & Co CPA

Certified Public Accountants
August 31, 2004



Community School for Apprenticeship Learning

1555 Madison Avenue
Baton Rouge, LA 70802
504-336-1410

November 30, 2004

Thomas, Wilson, Ragusa, Uffman & Co.
Certified Public Accountants
527 East Airport Avenue
Baton Rouge, LA 70806-6515

I have met with the program director of the after school program, Mr. A.J. Jones, and the following corrective action plan for strengthening internal controls and operating efficiency for non payroll transactions are being taken as a result of your recommendation letter:

- Folders will be kept on file for individual vendors and transactions
- Original copies of invoices will be kept in the vendor folder along with supporting documentation

With the implementation of the above, it is our intent to develop a filing system that will aide us in establishing a more efficient record keeping system. If there are any questions or further recommendations, please contact me at office, 336-1410.

Sincerely,

Dujan Johnson
School Director

DJ/vj

1555 Madison Avenue
Baton Rouge, LA 70802

504-336-1410
FAX 504-336-1414