

NEW BEGINNINGS SCHOOLS FOUNDATION

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Beginnings Schools Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the **New Beginnings Schools Foundation (the Foundation)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year 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.

Auditors' Responsibility

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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
New Beginnings Schools Foundation

Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the entity'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 the entity'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 **the Foundation** as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
New Beginnings Schools Foundation

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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Also, the accompanying combining schedules are presented for purposes of additional analysis and are 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 taken as a whole.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
New Beginnings Schools Foundation

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014, on our consideration of **the Foundation'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 **the Foundation's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014

NEW BEGINNINGS SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

Cash	\$ 6,859,713
Cash - restricted (NOTE 3)	36,416
Grants receivable	561,880
Prepaid expenses	128,596
Property and equipment, net (NOTE 4)	<u>402,341</u>
Total assets	<u><u>\$ 7,988,946</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 382,048
Accrued liabilities	72,434
School activity funds	36,416
Compensated absences (NOTE 5)	<u>92,379</u>
Total liabilities	<u>583,277</u>
Net Assets:	
Unrestricted	7,025,991
Temporarily restricted (NOTE 6)	<u>379,678</u>
Total net assets	<u>7,405,669</u>
Total liabilities and net assets	<u><u>\$ 7,988,946</u></u>

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

NEW BEGINNINGS SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>REVENUES</u>			
Local sources:			
Minimum Foundation Program (NOTES 1 and 11)	\$ 11,495,244	\$ -	\$ 11,495,244
Contribution (NOTE 1)	-	371,091	371,091
Fundraising activities	1,987	-	1,987
Other	177,038	-	177,038
Total local sources	<u>11,674,269</u>	<u>371,091</u>	<u>12,045,360</u>
State sources:			
Minimum Foundation Program (NOTES 1 and 11)	7,515,678	-	7,515,678
Grants	7,510	-	7,510
Total state sources	<u>7,523,188</u>	<u>-</u>	<u>7,523,188</u>
Federal grants	3,406,831	-	3,406,831
Net assets released from restrictions (NOTE 6)	46,344	(46,344)	-
Total revenues	<u>22,650,632</u>	<u>324,747</u>	<u>22,975,379</u>
<u>EXPENSES</u>			
Program Services:			
Instruction programs	9,334,880	-	9,334,880
Support Services:			
Pupil support services	2,299,288	-	2,299,288
Instructional staff services	1,115,387	-	1,115,387
General and administrative services	580,480	-	580,480
School administration	1,721,252	-	1,721,252
Business services	678,027	-	678,027
Operations and maintenance	1,790,821	-	1,790,821
Student transportation services	1,494,225	-	1,494,225
Central services	240,470	-	240,470
Food services operations	68,224	-	68,224
Depreciation	269,831	-	269,831
Total expenses	<u>19,592,885</u>	<u>-</u>	<u>19,592,885</u>
Change in net assets	3,057,747	324,747	3,382,494
Net assets - July 1, 2013	3,968,244	54,931	4,023,175
Net assets - June 30, 2014	<u>\$ 7,025,991</u>	<u>\$ 379,678</u>	<u>\$ 7,405,669</u>

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

NEW BEGINNINGS SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 3,382,494
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	269,831
Changes in assets and liabilities:	
Decrease in grants receivable	642,617
Increase in prepaid expenses	(69,255)
Decrease in accounts payable	(29,669)
Decrease in accrued liabilities	(213,452)
Decrease in school activity funds	(7,753)
Increase in compensated absences	42,947
Decrease in deferred revenue	<u>(51,528)</u>
Net cash provided by operating activities	<u>3,966,232</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(23,673)</u>
Net cash used in investing activities	<u>(23,673)</u>
Increase in cash	3,942,559
Cash, beginning of year	<u>2,953,570</u>
Cash, end of year	<u><u>\$ 6,896,129</u></u>

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

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

The **New Beginnings Schools Foundation (the Foundation)** was awarded a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2004 to operate a public charter school d/b/a Pierre A. Capdau Charter School (Capdau). The charter for Pierre A. Capdau was renewed for the four years during the 2012-2013 school year and will be up for renewal in the 2016-2017 school year. **The Foundation** was awarded a second charter by BESE for Medard H. Nelson Charter School (Nelson) prior to the start of the 2005-2006 school year. The charter for Medard H. Nelson was renewed in 2013 for five years and will be up for renewal in the 2018-2019 school year. **The Foundation** was awarded its third charter from BESE for Lake Area New Tech Early College High School (Lake Area) prior to the start of the 2009-2010 school year. The charter for Lake Area was extended until the 2012-2013 school year and was renewed during the 2013-2014 school year for a period of three years. **The Foundation** was awarded its fourth charter by BESE for Gentilly Terrace Elementary School (Gentilly Terrace) prior to the start of the 2010-2011 school year. The charter for Gentilly Terrace is up for renewal during the 2014-2015 school year. The Recovery School District Office of School Performance has recommended a three year renewal period to be voted on at the December 2014 BESE meeting.

The Foundation seeks to provide education services according to the educational standards established by law, the charter contract and the charter proposal; measures pupil progress toward stated goals; and participates in pupil assessments as required by law, regulation and BESE policy.

The Foundation's mission states that the charter schools are a community of learners of which academic achievement and personal growth are expected and are supported in a positive, inclusive, and enriched environment.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

General, Continued

During the 2014 school year, **the Foundation** provided educational services to students in kindergarten through twelfth grades with a total enrollment from all charter schools of 1,975 students. Capdau served 376 students in grades kindergarten through eight. Nelson served 492 students in grades pre-kindergarten through eight, Lake Area served 660 students in grades nine through twelve, and Gentilly Terrace served 447 students in grades pre-kindergarten through eight.

Basis of Accounting

The Foundation's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

Use of 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fixed Assets

Fixed assets of **the Foundation** with a unit cost of \$5,000 or more are recorded as assets (capitalized) and are stated at historical costs if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over the estimated useful life of the asset, generally 3 to 8 years for improvements and for other property and equipment.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

Grant Revenue

Revenues from governmental grants are recognized when allowable expenditures are made by **the Foundation**. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less. **The Foundation** had no cash equivalents at June 30, 2014.

Income Taxes

The Foundation is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. **The Foundation** files as a tax-exempt organization. Should that status be challenged in the future, **the Foundation's** 2011, 2012 and 2013 tax years are open for examination by the IRS.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Financial Statement Presentation

For the year ended June 30, 2014, **the Foundation** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, **the Foundation** is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Support, revenues, and expenses for the general operation of **the Foundation**.

Temporarily Restricted Net Assets - Contributions specifically authorized by the donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **the Foundation**. Generally, the donors of these assets permit **the Foundation** to use all or part of the income derived from the investment of these contributions.

At June 30, 2014, **the Foundation** had no permanently restricted net assets.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICAN
ACCOUNTING POLICIES (CONTINUED):

Contributions

The Foundation accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*, in accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor-imposed restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Minimum Foundation Program (MFP)

As Type 5 charter schools, Capdau, Nelson, Lake Area, and Gentilly Terrace received funding from BESE in an amount for pupils based on estimated daily attendance at the schools. The amount of funding received is adjusted during the school year based on October 1st and February 1st student counts and the result of any audits performed.

Other Funding

Other revenues received consist of federal and state grants, fees for meals served, and other revenue sources.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Budgetary Data

The Foundation formally adopts an annual budget. The budgetary data are submitted to the State of Louisiana, Department of Education for approval.

Interfund Activities

All interfund transactions, except quasi-external transactions, advances and reimbursements are reported as operating transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interfund activities are netted at the combined financial statements level.

NOTE 2 - FUNCTIONAL ALLOCATION EXPENSES:

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying Statement of Activities. Joint costs incurred at the Network level have been allocated based on the student population according to the MFP February 1st count.

NOTE 3 - SCHOOL ACTIVITY FUNDS:

The Foundation maintains separate bank accounts for school activities. These accounts are collected for various activities from students and parents and are restricted for their collected purpose. Should those funds not be used for the intended purpose, the funds may be returned to the students and parents from whom they were collected. Restricted school activity funds totaled \$36,416 at June 30, 2014 and were reported as restricted cash and liabilities.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - PROPERTY AND EQUIPMENT:

The following is a summary of property and equipment at June 30, 2014:

Furniture and equipment	\$ 172,865
Curriculum software	199,691
Curriculum e-books	123,301
Building improvements	<u>1,140,285</u>
Total property and equipment	<u>1,636,142</u>
Less accumulated depreciation	<u>(1,233,801)</u>
Property and equipment, net	<u>\$ 402,341</u>

Depreciation charged to operations for the year ended June 30, 2014, was \$269,831.

NOTE 5 - COMPENSATED ABSENCES:

Twelve month employees are allowed a maximum of 15 cumulative vacation days per year. Earned and unused vacation days are paid to the employees at their derived hourly rate of pay at the time of termination. **The Foundation** has accrued for \$92,379 of unpaid leave as of June 30, 2014.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets in the amount of \$379,678 are available for certain initiatives of **the Foundation** at June 30, 2014. For the year ended June 30, 2014, \$46,344 of temporarily restricted net assets were released from donor restrictions for various initiatives.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - IN-KIND CONTRIBUTIONS,

The Foundation received rent-free use of school buildings from the Louisiana Recovery School District and rent-free use of furniture and equipment for Capdau, Nelson, Lake Area, and Gentilly Terrace. The estimated values of the buildings, furniture and equipment were not readily determinable and no amounts have been recorded in the accompanying financial statements.

The Foundation also receives donated services from a number of unpaid volunteers assisting **the Foundation** with its programs, activities, and operations. An estimated value of these services cannot be reasonably determined as a result of the variety of services provided by the varying qualifications of the volunteers. Because the criteria for recognition under FASB ASC Section 958-605 have not been satisfied, these donated services have not been recorded in the financial statements.

NOTE 8 - RETIREMENT SYSTEMS:

Substantially all employees of **the Foundation** are members of the Teachers' Retirement System of Louisiana (TRSL). At June 30, 2014, **the Foundation** also had two employees participating in the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined-benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows.

A. Teachers' Retirement System of Louisiana (TRSL)

TRSL is a cost-sharing, multiple-employer defined-benefit pension plan administered by a separate board of trustees. TRSL issues publicly-available financial reports that include financial statements and required supplementary information of TRSL. These financial reports may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - RETIREMENT SYSTEMS, CONTINUED:

A. Teachers' Retirement System of Louisiana (TRSL), Continued

TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, five years of service credit if the employee reaches age sixty, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll and **the Foundation** is required to contribute 27.2% of the annual covered payroll of each participating employee. Starting July 1, 2014, the TRSL rate will be increased to 28.0%. Member contributions and employer contributions are established by law and set by the Public Retirement Systems Actuarial Committee.

For the year ended June 30, 2014, **the Foundation's** contributions to this plan totaled \$2,369,590.

B. Louisiana School Employees' Retirement System (LASERS)

LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is 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 LASERS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana, or by calling (225) 925-6484.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - RETIREMENT SYSTEMS, CONTINUED:

B. Louisiana School Employees' Retirement System (LASERS), Continued

Plan members are required to contribute 8% of their annual covered salary and the **Foundation** is required to contribute 31.3% of the annual covered payroll of each participating employee. Starting July 1, 2014, the **Foundation's** contribution rate will be increased to 37%. Member contributions and employer contributions are established by state law and set by the Public Retirement Systems' Actuarial Committee.

For the year ended June 30, 2014, the **Foundation's** contributions to this plan totaled \$28,820.

NOTE 9 - CONCENTRATION OF CREDIT RISK:

The Foundation maintains non-interest bearing accounts at a local bank. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage on deposit accounts for deposit amounts up to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. Total uninsured cash balances at June 30, 2014 were \$6,636,547.

NOTE 10 - RISK MANAGEMENT:

The Foundation is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which **the Foundation** carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - CONCENTRATION OF REVENUE SOURCE:

The Foundation's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. **The Foundation** receives a State allocation and a local allocation per eligible student in attendance at the official pupil count date of October 1, each year. MFP revenue accounts for 83% of **the Foundation's** total support for the year ended June 30, 2014. **The Foundation** received a one-time cash distribution of \$2,311,104 from the Orleans Parish School Board during the year ended June 30, 2014 of prior year local MFP revenue. State and federal grants are on a cost-reimbursement basis and account for 15% of **the Foundation's** total support for the year ended June 30, 2014. If the amount of revenue received should fall below budgeted award levels, **the Foundation's** operating results could be adversely affected.

NOTE 12 - CONTINGENCY:

The Foundation is a recipient of grants from the state, local and federal funding agencies. The grants are governed by various state, local and federal guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of **the Foundation** and are subject to audit and/or review by grantors. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the state, local and federal agencies may be subject to recapture.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - BOARD OF DIRECTORS' COMPENSATION:

The board of directors of **the Foundation** is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2014.

NOTE 14 - SUBSEQUENT EVENTS:

The Foundation is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The Foundation** performed such an evaluation through December 1, 2014, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE I

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Activity</u>
<u>U.S. Department of Education</u>		
<i>Direct Awards</i>		
Fund for the Improvement of Education, ARRA (Gulf Coast Recovery Grant)	84.215	\$ <u>279,753</u>
<i>Awards from a Pass-Through Entity</i>		
<u>Passed-Through: LA State Department of Education</u>		
Title I, Part A - Grants to Local Educational Agencies	84.010	1,840,684
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	120,102
Individuals with Disabilities Education Act (IDEA) Part B	84.027	349,121
Individuals with Disabilities Education Act (IDEA) Part B, Preschool	84.173	6,663
High Risk Pool	84.027A	198,945
Race to the Top- Phase III	84.413	11,880
School Improvement Grants, ARRA	84.388	204,341
Hurricane Educator Assistance Program	84.938K	<u>102,403</u>
<i>Total Passed-Through Awards</i>		<u>2,834,139</u>
Total U.S. Department of Education		<u>3,113,892</u>
<u>U.S. Department of Health and Human Services</u>		
<i>Awards from a Pass-Through Entity</i>		
<u>Passed-Through: LA State Department of Education</u>		
Early Childhood- LA	93.558B	163,955
Temporary Aid For Needy Families	93.558	<u>128,984</u>
Total U.S. Department of Health and Human Services		<u>292,939</u>
Total Expenditures of Federal Awards		<u>\$ 3,406,831</u>

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION
 COMBINING SCHEDULE OF FINANCIAL POSITION
 JUNE 30, 2014

SCHEDULE II

	Medard H. Nelson Charter School	Pierre A. Capdau Charter School	Lake Area New Tech Charter School	Gentilly Terrace Charter School	Charter School Network Office	Eliminations	Total
ASSETS							
Cash	\$ 2,404,827	\$ 1,031,980	\$ 1,629,670	\$ 1,332,600	\$ 460,636	\$ -	\$ 6,859,713
Cash-restricted	9,449	-	24,441	2,526	-	-	36,416
Grants receivable	130,239	129,131	214,113	67,127	21,270	-	561,880
Prepaid expenses	-	-	49,184	-	79,412	-	128,596
Property and equipment, net	1,909	1,909	3,585	394,938	-	-	402,341
Total assets	<u>\$ 2,546,424</u>	<u>\$ 1,163,020</u>	<u>\$ 1,920,993</u>	<u>\$ 1,797,191</u>	<u>\$ 561,318</u>	<u>\$ -</u>	<u>\$ 7,988,946</u>
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable	\$ 78,059	\$ 105,596	\$ 61,533	\$ 57,131	\$ 79,729	\$ -	\$ 382,048
Accrued liabilities	16,341	11,526	15,787	19,248	9,532	-	72,434
School activity funds	9,449	-	24,441	2,526	-	-	36,416
Compensated absences	-	-	-	-	92,379	-	92,379
Total liabilities	<u>103,849</u>	<u>117,122</u>	<u>101,761</u>	<u>78,905</u>	<u>181,640</u>	<u>-</u>	<u>583,277</u>
Net Assets:							
Unrestricted	2,442,575	1,045,898	1,819,232	1,718,286	-	-	7,025,991
Temporarily restricted	-	-	-	-	379,678	-	379,678
Total net assets	<u>2,442,575</u>	<u>1,045,898</u>	<u>1,819,232</u>	<u>1,718,286</u>	<u>379,678</u>	<u>-</u>	<u>7,405,669</u>
Total liabilities and net assets	<u>\$ 2,546,424</u>	<u>\$ 1,163,020</u>	<u>\$ 1,920,993</u>	<u>\$ 1,797,191</u>	<u>\$ 561,318</u>	<u>\$ -</u>	<u>\$ 7,988,946</u>

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE III

	Medard H. Nelson Charter School	Pierre A. Capdau Charter School	Lake Area New Tech Charter School	Gentilly Terrace Charter School	Charter School Network Office	Eliminations	Total
REVENUES							
Local sources:							
Minimum Foundation Program	\$ 2,862,201	\$ 2,192,609	\$ 3,879,724	\$ 2,560,710	\$ -	\$ -	\$ 11,495,244
Contributions-temporarily restricted	5,000	4,119	11,000	-	350,972	-	371,091
Fundraising activities	-	-	-	-	1,987	-	1,987
Indirect cost revenue	-	-	-	-	138,542	(138,542)	-
Grants	25,964	34,419	36,122	24,137	56,396	-	177,038
Total local sources	<u>2,893,165</u>	<u>2,231,147</u>	<u>3,926,846</u>	<u>2,584,847</u>	<u>547,897</u>	<u>(138,542)</u>	<u>12,045,360</u>
State sources:							
Minimum Foundation Program	1,897,170	1,382,176	2,549,057	1,687,275	-	-	7,515,678
Grants	1,000	2,821	2,404	-	1,285	-	7,510
Total state sources	<u>1,898,170</u>	<u>1,384,997</u>	<u>2,551,461</u>	<u>1,687,275</u>	<u>1,285</u>	<u>-</u>	<u>7,523,188</u>
Federal grants	<u>1,041,934</u>	<u>1,043,964</u>	<u>716,307</u>	<u>571,626</u>	<u>33,000</u>	<u>-</u>	<u>3,406,831</u>
Total revenues	<u>5,833,269</u>	<u>4,660,108</u>	<u>7,194,614</u>	<u>4,843,748</u>	<u>582,182</u>	<u>(138,542)</u>	<u>22,975,379</u>

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE III

	Medard H. Nelson Charter School	Pierre A. Capdau Charter School	Lake Area New Tech Charter School	Gentilly Terrace Charter School	Charter School Network Office	Eliminations	Total
EXPENSES							
Program Services:							
Instruction programs	\$ 2,369,670	\$ 2,027,111	\$ 2,818,142	\$ 2,029,991	\$ 89,966	\$ -	\$ 9,334,880
Support Services:							
Pupil support services	506,312	530,550	594,341	398,588	269,497	-	2,299,288
Instructional staff services	173,530	320,845	214,394	223,613	183,005	-	1,115,387
General and administrative services	40,622	45,960	117,681	53,510	322,707	-	580,480
School administration	287,511	241,372	372,054	240,874	579,441	-	1,721,252
Business services	4,955	347	-	-	672,725	-	678,027
Operations and maintenance	350,066	376,592	735,843	215,503	112,817	-	1,790,821
Student transportation services	289,587	332,018	530,813	279,759	62,048	-	1,494,225
Central services	31,515	46,535	45,084	24,185	231,693	(138,542)	240,470
Food services operations	16,044	11,341	21,953	13,590	5,296	-	68,224
Depreciation	108,485	477	2,153	158,716	-	-	269,831
Subtotal expenses	<u>4,178,297</u>	<u>3,933,148</u>	<u>5,452,458</u>	<u>3,638,329</u>	<u>2,529,195</u>	<u>(138,542)</u>	<u>19,592,885</u>
Operating transfers (in) out	<u>569,160</u>	<u>442,881</u>	<u>752,046</u>	<u>520,173</u>	<u>(2,284,260)</u>	<u>-</u>	<u>-</u>
Total expenses	<u>4,747,457</u>	<u>4,376,029</u>	<u>6,204,504</u>	<u>4,158,502</u>	<u>244,935</u>	<u>(138,542)</u>	<u>19,592,885</u>
Change in net assets	1,085,812	284,079	990,110	685,246	337,247	-	3,382,494
Net assets - July 1, 2013	<u>1,356,763</u>	<u>761,819</u>	<u>829,122</u>	<u>1,033,040</u>	<u>42,431</u>	<u>-</u>	<u>4,023,175</u>
Net assets - June 30, 2014	<u>\$ 2,442,575</u>	<u>\$ 1,045,898</u>	<u>\$ 1,819,232</u>	<u>\$ 1,718,286</u>	<u>\$ 379,678</u>	<u>\$ -</u>	<u>\$ 7,405,669</u>

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE IV

	Medard H. Nelson Charter School	Pierre A. Capdau Charter School	Lake Area New Tech Charter School	Gentilly Terrace Charter School	Charter School Network Office	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	\$ 1,085,812	\$ 284,079	\$ 990,110	\$ 685,246	\$ 337,247	\$ 3,382,494
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation	108,485	477	2,153	158,716	-	269,831
Changes in Assets and Liabilities:						
(Increase) decrease in grants receivable	102,609	219,190	(87,089)	372,211	35,696	642,617
(Increase) decrease in prepaid expenses	-	-	289	-	(69,544)	(69,255)
Increase (decrease) in accounts payable	17,404	(39,094)	(11,950)	22,657	(18,686)	(29,669)
Increase (decrease) in accrued liabilities	(91,381)	(33,396)	(53,955)	(38,735)	4,015	(213,452)
Increase (decrease) in student activity funds	(376)	(17,736)	11,825	(1,466)	-	(7,753)
Increase in compensated absences	-	-	-	-	42,947	42,947
Decrease in deferred revenue	(891)	(17,155)	(14,355)	(6,046)	(13,081)	(51,528)
Net cash provided by operating activities	<u>1,221,662</u>	<u>396,365</u>	<u>837,028</u>	<u>1,192,583</u>	<u>318,594</u>	<u>3,966,232</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	<u>(2,386)</u>	<u>(2,386)</u>	<u>(2,386)</u>	<u>(16,515)</u>	<u>-</u>	<u>(23,673)</u>
Net cash used in investing activities	<u>(2,386)</u>	<u>(2,386)</u>	<u>(2,386)</u>	<u>(16,515)</u>	<u>-</u>	<u>(23,673)</u>
Increase in cash	1,219,276	393,979	834,642	1,176,068	318,594	3,942,559
Cash, beginning of year	<u>1,195,000</u>	<u>638,001</u>	<u>819,469</u>	<u>159,058</u>	<u>142,042</u>	<u>2,953,570</u>
Cash, end of year	<u>\$ 2,414,276</u>	<u>\$ 1,031,980</u>	<u>\$ 1,654,111</u>	<u>\$ 1,335,126</u>	<u>\$ 460,636</u>	<u>\$ 6,896,129</u>

See Independent Auditors' Report on Supplementary Information.



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(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
New Beginnings Schools Foundation

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 the **New Beginnings Schools Foundation (the Foundation)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **the Foundation'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 Foundation's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Foundation's** internal control.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-02 to be a material weakness.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2014-01 to be a significant deficiency.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Foundation'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-02.

The Foundation's Response to the Finding

The Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. **The Foundation's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

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 Foundation'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 Foundation's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE

IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
New Beginnings Schools Foundation

Report on Compliance for Each Major Federal Program

We have audited the **New Beginnings Schools Foundation's (the Foundation)** 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 Foundation's** major federal programs for the year ended June 30, 2014. **The Foundation's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **the Foundation'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 Foundation'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 Foundation's** compliance.

Opinion on Each Major Federal Program

In our opinion, **the Foundation** 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, 2014.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Report on Internal Control Over Compliance

Management of **the Foundation** 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 Foundation'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 Foundation'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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Report on Internal Control Over Compliance, Continued

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.

Purpose of this Report

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I – SUMMARY AUDITORS’ RESULTS

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **Yes.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **Yes.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **Yes.**
- E. Did the audit disclose any material weaknesses in internal control over major federal programs? **No.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **No.**
- G. Type of report issued on compliance for major programs: **Unmodified.**
- H. Did the audit disclose any audit findings required to be reported in accordance with OMB Circular A-133, Section .510(a)? **No.**
- I. Was a management letter issued? **No.**

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS, CONTINUED

J. Identification of Major Programs:

United States Department of Education

84.010 - Title I, Part A - Grants to Local Educational Agencies

Special Education Cluster (IDEA)

84.027 - Individuals With Disabilities Education Act (IDEA) Part B

84.173 - Individuals With Disabilities Education Act (IDEA) Part B, Preschool

84.027A - High Risk Pool

K. Dollar threshold used to distinguish between Type A and Type B Programs:

\$300,000

L. Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? **No.**

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II – FINANCIAL STATEMENT FINDINGS

2014-01 - Payroll Review and Approval

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risks.

Condition

Although the management of **the Foundation** states that it reviews and approves its payrolls prior to disbursement to employees, we noted during the audit period that **the Foundation** did not document the review and approval of the payrolls processed.

Effect

Payroll processing control procedures are weakened by **the Foundation** not documenting that payrolls are appropriately reviewed and approved.

Cause

During the audit period, the payroll processing function lacked proper payroll review and approval procedures.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II – FINANCIAL STATEMENT FINDINGS, CONTINUED

2014-01 - Payroll Review and Approval, Continued

Recommendation

We recommend that the management of **the Foundation** document that each payroll has been reviewed for accuracy, and that all edit checks have been performed.

Management's Response

Management agrees with the recommendation and has implemented a checklist to be signed by the payroll preparer and reviewer to document the review of the payroll.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II – FINANCIAL STATEMENT FINDINGS, CONTINUED

2014-02 - School Activity Funds

Criteria

Louisiana Revised Statute 17:414.3 provides guidelines for the management, expenditure and accounting of the School Activity Fund of Louisiana Public Schools, as well as, duties of the School Principal.

Condition

Through an internal audit of the School Activity Funds for senior class activities at **the Foundation's** operated High School for the period July 31, 2013 to January 22, 2014, the management of **the Foundation** determined that approximately \$25,000 of collections from students for senior class activities were not deposited in the High School Activity Fund bank account and considered unaccounted for.

These undeposited and unaccounted funds were determined by management to be misappropriated during the period of the internal audit of the Senior Class School Activity Fund. Two (2) teachers at the High School were designated as the co-sponsors of senior class activities and were responsible for the collections of moneys received from the participating seniors. Although **the Foundation** believed that approximately \$25,000 of the total collected from students for senior class activities were misappropriated, **the Foundation** could not specifically identify the employee or employees that may have been responsible for the theft of the school activity funds. During the audit period, **the Foundation** reported the alleged misappropriation to the New Orleans Police Department (NOPD) and the Louisiana Legislative Auditor. As of the date of the audit report, NOPD's investigation is on-going.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II – FINANCIAL STATEMENT FINDINGS, CONTINUED

2014-02 - School Activity Funds

Condition, Continued

During the audit period, one (1) of the two (2) co-sponsors of senior class activities has resigned from **the Foundation** and the other co-sponsor remained employed at **the Foundation**; however, **the Foundation** has not assigned this employee any further school activity sponsor responsibilities or any cash handling duties subsequent to this alleged theft. **The Foundation** has filed a theft claim with its insurance provider subsequent to notifying NOPD of the alleged misappropriation. Pending the completion of NOPD's investigation and results thereof, if warranted, **the Foundation** will seek full restitution from any person or persons involved in the theft.

As part of our audit, we gathered information on the policies and procedures used by **the Foundation** to manage and account for School Activity Funds at three (3) of the four (4) schools having activities of the school funds during the 2013-2014 school year. We tested through inspection and observation the processes of receiving monies, expending monies and banking of School Activities Funds.

As a result of our testwork, we noted the following:

- o During the period of July 1, 2013 to October 31, 2013, recipients (teachers or sponsors) of monies did not always issue receipts serially to account for issued or non-issued receipts.
- o Cash receipt and disbursement transactions of the various school fund activities were not posted to a general ledger system.
- o Receipt books were not periodically inspected or reconciled to collections records and deposits for control purposes.
- o School Activity Fund collections, in general, were not submitted daily to the appropriate person in the main office for deposit to the bank, as required.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II – FINANCIAL STATEMENT FINDINGS, CONTINUED

2014-02 - School Activity Funds, Continued

Effect

Fraudulent activities has potentially occurred during the first four (4) months of the school year.

Cause

The Foundation's School Activity Fund internal control procedures were not monitored and certain internal controls were not adhered to during the first four (4) months of the school year.

Recommendation

We recommend that **the Foundation** immediately design and implement effective internal controls over the administration, management and financial reporting of School Activity Funds to detect, deter and prevent fraudulent activities or misstatement of School Activity Fund transactions.

Management's Response

Management agrees with the finding and has developed policies and procedures regarding collection of School Activity Funds. Subsequently, all school based staff were provided an in-service to review the proper cash handling procedures. A training document was issued to all school staff with examples and forms required to support activity expenditures. Staff was required to sign a declaration document indicating their understanding of the policies and procedures.

Monitoring of the School Activity Funds has been increased.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section I - INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS

2013-01 - Submission of Audit Report

Recommendation

Month-end and year-end financial statements should be accurately prepared and on a timely basis. We recommended that **the Foundation** review its financial reporting procedures to ensure that audit engagements are submitted to the Legislative Auditor within the required time frame.

Current Status

Resolved.

Section II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section III – Management Letter Comment

ML - 2013-01 Bank Reconciliation

Recommendation

We recommended that **the Foundation** immediately take the necessary action to ensure that monthly bank reconciliations are timely prepared and reviewed. In addition, we recommended that procedures be implemented as part of the month-end and year-end financial reporting close-out process to ensure that all bank accounts' general ledger balances are in agreement with the reconciliation's reconciled balance.

Current Status

Resolved.

NEW BEGINNINGS SCHOOLS FOUNDATION
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2014

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

To the Board of Directors
New Beginnings Schools Foundation

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of **New Beginnings Schools Foundation (the Foundation)**, operator of **Pierre A. Capdau Charter School, Medard H. Nelson Charter School, Gentilly Terrace Charter School, and Lake Area New Tech Early College High School**, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data 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). Management of **the Foundation** is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS

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 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.

No differences noted.

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, Assistant Principals, and Full Time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to the Foundation's supporting payroll records as of October 1, 2013.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Education Levels of Public School Staff (SCHEDULE 2), Continued

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 4) to the combined total of principals and assistant principals per this schedule.

No differences noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2013 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

No differences noted.

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.

No differences noted.

Experience of Public Principals, Assistant 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, 2013 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.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Public School 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 a random sample of 25 teachers 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.

No differences noted.

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

No differences noted.

Class Size Characteristics (SCHEDULE 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1, 2013 roll books for those classes and determined if the class was properly classified on the schedule.

No differences noted.

***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 **the Foundation**.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

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

11. This schedule is not applicable because the Graduate Exit Exam is no longer administered.

The iLEAP 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 **the Foundation**.

No differences noted.

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 **the Foundation**, the Louisiana Department of Education, the Louisiana Recovery School District, 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.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014

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

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 principals 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 Principals, Assistant Principals, 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).

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

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, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

SCHEDULE 8 - The Graduation Exit Exam (GEE)

This schedule is not applicable because the Graduate Exit Exam is no longer administered.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

SCHEDULE 9 - The iLEAP Tests

This schedule represents student performance testing data and includes statewide and district summary scores for grades 3, 5, 6 and 7 in each category tested for the 2012, 2013 and 2014 reporting years. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory.

NEW BEGINNINGS SCHOOLS FOUNDATION
New Orleans, Louisiana

Schedule 1

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2014**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 4,877,264	
Other Instructional Staff Activities	627,477	
Employee Benefits	2,199,492	
Purchased Professional and Technical Services	389,774	
Instructional Materials and Supplies	917,532	
Instructional Equipment	<u>52,161</u>	
Total Teacher and Student Interaction Activities		\$ 9,063,700

Other Instructional Activities 271,180

Pupil Support Activities	2,299,288	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		2,299,288

Instructional Staff Services	1,115,387	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		1,115,387

School Administration	1,721,252	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>1,721,252</u>

Total General Fund Instructional Expenditures \$ 14,470,807

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

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

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	<u>-</u>
Total Local Earnings on Investment in Real Property	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See accompanying independent accountants' report on applying agreed-upon procedures.

Education Levels of Public School Staff
As of October 1, 2013

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	0	0%	0	0%	0	0%	0	0%
Bachelor's Degree	74	72%	4	50%	0	0%	0	0%
Master's Degree	26	25%	4	50%	5	71%	0	0%
Master's Degree +30	1	1%	0	0%	1	14%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph.D. or Ed.D.	2	2%	0	0%	1	14%	0	0%
Total	103	100%	8	100%	7	100%	0	0%

Note: Due to rounding, certain percentage totals may not equal 100%.

See accompanying independent accountants' report on applying agreed-upon procedures.

Number and Type of Public Schools
For the Year Ended June 30, 2014

Type	Number
Elementary	3
Middle/Jr. High	0
Secondary	1
Combination	0
Total	4

See accompanying independent accountants' report on applying agreed-upon procedures.

NEW BEGINNINGS SCHOOLS FOUNDATION
New Orleans, Louisiana

Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers
As of October 1, 2013

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	1	1	0	0	3
Principals	1	1	1	0	1	0	0	4
Classroom Teachers	32	12	40	6	6	8	7	111
Total	33	13	42	7	8	8	7	118

See accompanying independent accountants' report on applying agreed-upon procedures.

Public School Staff Data
 For the Year Ended June 30, 2014

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 46,132	\$ 46,132
Average Classroom Teachers' Salary Including Extra Compensation	\$ 46,132	\$ 46,132
Number of Teachers' Full-time Equivalents (FTEs) used in Computation of Average Salaries	111	111

Note: Figures reported include all sources of funding (i/e., federal, state, and local) but exclude 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. For these reasons, 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.

See accompanying independent accountants' report on applying agreed-upon procedures.

NEW BEGINNINGS SCHOOLS FOUNDATION
New Orleans, Louisiana

Class Size Characteristics
As of October 1, 2013

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	12.4%	43	38.8%	135	30.2%	105	4.9%	17
Elementary Activity Classes	1.7%	6	4.6%	16	7.2%	25	0.3%	1
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High	29.2%	70	30.8%	74	29.2%	70	0.8%	2
High Activity Classes	1.7%	4	2.5%	6	1.3%	3	4.6%	11
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.

See accompanying independent accountants' report on applying agreed-upon procedures.

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	7%	3%	11%	5%	9%
Mastery	30%	19%	26%	39%	24%	21%
Basic	47%	57%	41%	32%	48%	45%
Approaching Basic	10%	8%	19%	11%	9%	14%
Unsatisfactory	9%	10%	10%	6%	13%	10%
Total	100%	100%	100%	99%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%	1%	2%	1%	2%	3%
Mastery	9%	4%	10%	7%	5%	6%
Basic	51%	41%	47%	54%	57%	59%
Approaching Basic	30%	39%	30%	25%	21%	21%
Unsatisfactory	7%	16%	11%	13%	15%	12%
Total	99%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	1%	0%	3%	1%	1%
Mastery	15%	7%	3%	4%	2%	1%
Basic	48%	48%	46%	72%	59%	37%
Approaching Basic	27%	38%	29%	10%	26%	38%
Unsatisfactory	7%	6%	23%	10%	14%	23%
Total	100%	100%	100%	99%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	0%	1%	0%
Mastery	6%	12%	3%	8%	11%	0%
Basic	37%	31%	33%	55%	49%	39%
Approaching Basic	43%	46%	43%	26%	21%	45%
Unsatisfactory	14%	11%	22%	11%	19%	16%
Total	100%	100%	100%	100%	100%	100%

Note: Due to rounding, certain percentage totals may not equal 100%.

See accompanying independent accountants' report on applying agreed-upon procedures.

**The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2014**

The Graduation Exit Examination is no longer administered. Therefore, this schedule is not applicable.

See accompanying independent accountants' report on applying agreed-upon procedures.

The *i*LEAP Tests
For the Year Ended June 30, 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	8%	7%	13%	14%	3%
Mastery	29%	23%	29%	17%	23%	20%
Basic	33%	36%	37%	30%	40%	55%
Approaching Basic	15%	22%	16%	23%	13%	17%
Unsatisfactory	19%	11%	11%	17%	11%	5%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	5%	1%	3%	5%	6%
Mastery	14%	15%	20%	14%	14%	15%
Basic	43%	39%	37%	41%	39%	36%
Approaching Basic	19%	31%	32%	26%	21%	21%
Unsatisfactory	19%	10%	11%	15%	21%	21%
Total	99%	100%	100%	99%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	0%	1%	4%	2%
Mastery	10%	3%	8%	3%	11%	4%
Basic	36%	40%	44%	40%	33%	47%
Approaching Basic	25%	28%	29%	23%	23%	18%
Unsatisfactory	28%	29%	19%	33%	28%	29%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	0%	0%	0%	0%
Mastery	0%	8%	1%	1%	5%	2%
Basic	27%	41%	20%	32%	33%	29%
Approaching Basic	37%	31%	53%	35%	28%	35%
Unsatisfactory	35%	19%	26%	32%	34%	34%
Total	100%	100%	100%	100%	100%	100%

Note: Due to rounding, certain percentage totals may not equal 100%.

See accompanying independent accountants' report on applying agreed-upon procedures.

The *i*LEAP Tests
For the Year Ended June 30, 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	1%	2%	2%	2%
Mastery	13%	5%	5%	8%	2%	4%
Basic	42%	46%	43%	51%	46%	49%
Approaching Basic	26%	34%	37%	17%	22%	17%
Unsatisfactory	17%	14%	14%	22%	27%	28%
Total	99%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	1%	1%	1%	1%	2%
Mastery	5%	6%	3%	9%	3%	6%
Basic	37%	28%	36%	40%	35%	41%
Approaching Basic	34%	48%	35%	26%	39%	36%
Unsatisfactory	24%	17%	25%	24%	22%	15%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	2%	2%	1%	3%
Mastery	9%	4%	8%	5%	2%	3%
Basic	41%	47%	49%	52%	41%	49%
Approaching Basic	34%	41%	29%	22%	28%	28%
Unsatisfactory	15%	8%	12%	18%	28%	17%
Total	100%	100%	100%	99%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	1%	2%	4%	0%	2%
Mastery	4%	4%	12%	19%	3%	9%
Basic	36%	30%	36%	36%	37%	42%
Approaching Basic	37%	45%	37%	24%	30%	33%
Unsatisfactory	23%	20%	14%	19%	30%	14%
Total	100%	100%	101%	102%	100%	100%

Note: Due to rounding, certain percentage totals may not equal 100%.

See accompanying independent accountants' report on applying agreed-upon procedures.