

**SCHOOL LEADERSHIP CENTER
OF GREATER NEW ORLEANS**

FINANCIAL STATEMENTS
AND
REPORT TO BOARD

August 31, 2015 and 2014

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
School Leadership Center of Greater New Orleans

We have audited the accompanying financial statements of School Leadership Center of Greater New Orleans (a nonprofit organization), which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 School Leadership Center of Greater New Orleans as of August 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Summary of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2016, on our consideration of School Leadership Center of Greater New Orleans 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 School Leadership Center of Greater New Orleans internal control over financial reporting and compliance.

February 1, 2016

Wegman Poynter & Company

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION

August 31, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 763,013	\$ 812,672
Accounts receivable	100,101	311,194
Other receivables	-	37,779
Prepaid expenses	-	5,767
Total current assets	863,114	1,167,412
Property and equipment, at cost less accumulated depreciation	-	349
Deposits	6,299	6,380
Total assets	\$ 869,413	\$ 1,174,141
LIABILITIES		
Current liabilities		
Accounts payable	\$ 19,179	\$ 115,625
Accrued expenses	79,339	117,406
Deferred revenue	-	11,000
Total current liabilities	98,518	244,031
NET ASSETS		
Net assets		
Unrestricted	770,895	930,110
Total net assets	770,895	930,110
Total liabilities and net assets	\$ 869,413	\$ 1,174,141

See accompanying Notes to Financial Statements.

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 9,829	\$ 25,000	\$ 34,829
Program revenues	1,052,013	-	1,052,013
Miscellaneous income	111,947	-	111,947
Net assets released from restrictions	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total revenue	<u>1,198,789</u>	<u>-</u>	<u>1,198,789</u>
Expenses			
Program services			
Personnel	930,398	-	930,398
Contracts	165,332	-	165,332
Travel	58,022	-	58,022
Conferences and workshops	15,611	-	15,611
Equipment	37,356	-	37,356
School leadership library	89	-	89
Printing and mailing	5,747	-	5,747
General and administrative	145,100	-	145,100
Depreciation	<u>349</u>	<u>-</u>	<u>349</u>
Total expenses	<u>1,358,004</u>	<u>-</u>	<u>1,358,004</u>
Change in net assets	(159,215)	-	(159,215)
Net assets			
Beginning of year	<u>930,110</u>	<u>-</u>	<u>930,110</u>
End of year	<u>\$ 770,895</u>	<u>\$ -</u>	<u>\$ 770,895</u>

See accompanying Notes to Financial Statements.

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions	\$ 468,910	\$ 63,690	\$ 532,600
Program revenues	2,437,328	-	2,437,328
Miscellaneous income	178,582	-	178,582
Net assets released from restrictions	63,690	(63,690)	-
	<u>3,148,510</u>	<u>-</u>	<u>3,148,510</u>
Expenses			
Program services			
Personnel	1,663,660	-	1,663,660
Contracts	970,936	-	970,936
Travel	68,500	-	68,500
Conferences and workshops	60,985	-	60,985
Equipment	58,410	-	58,410
School leadership library	1,981	-	1,981
Printing and mailing	16,686	-	16,686
General and administrative	193,619	-	193,619
Depreciation	699	-	699
	<u>3,035,476</u>	<u>-</u>	<u>3,035,476</u>
Change in net assets	113,034	-	113,034
Net assets			
Beginning of year	<u>817,076</u>	<u>-</u>	<u>817,076</u>
End of year	<u>\$ 930,110</u>	<u>\$ -</u>	<u>\$ 930,110</u>

See accompanying Notes to Financial Statements.

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (159,215)	\$ 113,034
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	349	699
(Increase) decrease in operating assets:		
Accounts receivables	211,093	(257,625)
Other receivables	37,779	96,106
Prepaid expenses	5,767	(4,798)
Deposits	81	2,075
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(134,513)	34,787
Deferred revenue	(11,000)	(30,436)
Net cash used by operating activities	<u>(49,659)</u>	<u>(46,158)</u>
Net decrease	(49,659)	(46,158)
Cash and cash equivalents at beginning of year	<u>812,672</u>	<u>858,830</u>
Cash and cash equivalents at end of year	<u>\$ 763,013</u>	<u>\$ 812,672</u>

See accompanying Notes to Financial Statements.

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2015 and 2014

1) Nature of the business

The School Leadership Center of Greater New Orleans (the "Center") was established pursuant to the Nonprofit Corporation Laws of Louisiana on November 9, 1998, to facilitate school improvement from within, through development of leadership based on academic insight, reflective patience, and collegial support. The Center activities focus on mentoring and training emerging principals in both public and nonpublic settings in the Metropolitan New Orleans area.

2) Summary of significant accounting principles

The financial statements of the Center have been prepared on the accrual basis of accounting. Significant accounting policies are summarized below.

a) Financial statement presentation

The Center's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

b) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

c) Accounts receivable

The Center writes off uncollectible accounts as they are identified. There were no amounts written off in the years ending August 31, 2015 and 2014. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

d) 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 disclosure 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.

e) Property, plant and equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Office furniture	5 years
Office equipment	3 years
Leasehold improvements	5 years

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2015 and 2014

2) Summary of significant accounting principles (continued)

f) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 958, *Financial Statements for Not-for-Profit Centers*, requires the net assets and changes in net assets be reported for three classifications permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor imposed restrictions.

The Center reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

g) Concentration of credit risk

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash deposits. The Center may at times have cash on deposit at financial institutions that is in excess of the federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Center has not experienced any losses in such accounts. The Center has no policy requiring collateral or other security to support its deposits.

h) Accrued vacation

The Center accrues an amount for unused vacation. The Center has accrued approximately \$64,300 and \$117,000 as of August 31, 2015 and 2014, respectively, which is included in accrued expenses on the statement of financial position.

i) Income taxes

The Center is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Center has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The center files Form 990 tax return in the U.S. federal jurisdiction and in various states.

The Center adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Management of the Center believes there is no material uncertain tax position and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Center is subject to United States federal or Louisiana state income tax examinations by tax authorities for a period of three years from the filing of those returns.

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended August 31, 2015 and 2014

3) Property and equipment

Property and equipment is summarized as follows:

	2015	2014
Office furniture and equipment	\$ 154,102	\$ 154,102
Leasehold improvements	43,781	43,781
	197,883	197,883
Less accumulated depreciation and amortization	197,883	197,534
	\$ -	\$ 349

4) Operating leases

The Center leases its office space under a 5-year operating lease, which expires on April 30, 2016. Future minimum payments under noncancelable operating leases as of August 31, 2015, are as follows:

2016	\$ <u>54,870</u>
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Rent expense was approximately \$82,000 and \$93,000 during 2015 and 2014, respectively.

5) Contributions and grants

During fiscal year end 2014 Baptist Community Ministries (“BCM”) awarded the Center a \$450,000 grant to be used for the purposes described as grant objectives, as defined by the grant, and for purposes approved by the BCM Board of Trustees for a period of September 1, 2013 through August 31, 2014. The grant ended during the year ended August 31, 2015.

6) Employee benefit plan

The Center maintains a deferred compensation plan covering all eligible employees. The Center matches 100% of the first 3% of employee deferrals, plus 50% of the next 2% of deferrals with a maximum contribution of 4% of gross salary. Matching contributions for the years ended August 31, 2015 and 2014 was \$30,683 and \$47,067, respectively.

7) Subsequent events

The Center has evaluated subsequent events through the date of the auditors’ report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.



WEGMANN DAZET & COMPANY

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 Trustees
School Leadership Center of Greater New Orleans
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of School Leadership Center of Greater New Orleans (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, 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 February 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School Leadership Center of Greater New Orleans 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 School Leadership Center of Greater New Orleans's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether School Leadership Center of Greater New Orleans financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
February 1, 2016

Wegman Poynter + Company

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended August 31, 2015

SUMMARY OF COMPENSATION

Brian Riedlinger
CEO

- None of the agency head's compensation was derived from state and/or local assistance.