

COLLEGIATE ACADEMIES

FINANCIAL STATEMENTS**YEARS ENDED JUNE 30, 2012 AND 2011**

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Collegiate Academies (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Collegiate Academies's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Collegiate Academies as of June 30, 2012 and 2011, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated December 19, 2012 on our consideration of Collegiate Academies's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken 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. 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 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.

Carr, Riggs & Ingram, L.L.C.

December 19, 2012

**Collegiate Academies
Statements of Financial Position
June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 433,507	\$ 235,751
Grants receivable	143,523	151,922
Prepaid expenses and other current assets	<u>27,216</u>	<u>9,191</u>
Total current assets	<u>604,246</u>	<u>396,864</u>
Investments	<u>914,487</u>	<u>900,692</u>
Deposit	<u>7,500</u>	<u>7,500</u>
Total assets	<u>\$ 1,526,233</u>	<u>\$ 1,305,056</u>
LIABILITIES AND NET ASSETS		
Current liabilities -		
Accounts payable and accrued expenses	<u>\$ 65,512</u>	<u>\$ 106,767</u>
Total current liabilities	<u>65,512</u>	<u>106,767</u>
Net assets:		
Unrestricted	1,396,483	1,189,275
Temporarily restricted	<u>64,238</u>	<u>9,014</u>
Total net assets	<u>1,460,721</u>	<u>1,198,289</u>
Total liabilities and net assets	<u>\$ 1,526,233</u>	<u>\$ 1,305,056</u>

See accompanying notes to the financial statements.

**Collegiate Academies
Statements of Activities
Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Change in unrestricted net assets:		
Revenue from public support and other support:		
State public school funds	\$ 1,448,006	\$ 1,037,915
Local per pupil aid	1,386,958	950,609
Federal sources	1,282,351	670,650
Donations and contributions	129,618	1,278,023
Investment income	<u>4,023</u>	<u>5,636</u>
Total revenue from public support and other support	4,250,956	3,942,833
Net assets released from restrictions	<u>385,334</u>	<u>159,911</u>
Total revenues	<u>4,636,290</u>	<u>4,102,744</u>
Expenses:		
Program services -		
Instructional	2,157,290	1,803,940
Supporting services -		
Management and general	<u>2,271,792</u>	<u>1,457,259</u>
Total expenses	<u>4,429,082</u>	<u>3,261,199</u>
Increase in unrestricted net assets	<u>207,208</u>	<u>841,545</u>
Change in temporarily restricted net assets:		
Donations and contributions	440,558	168,925
Net assets released from restrictions	<u>385,334</u>	<u>159,911</u>
Increase in temporarily restricted net assets	<u>55,224</u>	<u>9,014</u>
Increase in net assets	262,432	850,559
Net assets at beginning of year	<u>1,198,289</u>	<u>347,730</u>
Net assets at end of year	<u>\$ 1,460,721</u>	<u>\$ 1,198,289</u>

See accompanying notes to the financial statements.

Collegiate Academies
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase in net assets	\$ 262,432	\$ 850,559
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net unrealized loss on investments	25,150	3,176
Dividends reinvested	-	(4,360)
Decrease in grants receivable	8,399	143,610
Decrease in other receivables	-	10,207
(Increase) in prepaid expenses and other current assets	(18,025)	(837)
(Increase) in deposit	-	(7,500)
(Decrease) increase in accounts payable and accrued expenses	<u>(41,255)</u>	<u>25,577</u>
Net cash provided by operating activities	<u>236,701</u>	<u>1,020,432</u>
Cash flows from investing activities:		
Sale of investments	1,689,013	-
Purchase of investments	<u>(1,727,958)</u>	<u>(899,508)</u>
Net cash (used in) investing activities	<u>(38,945)</u>	<u>(899,508)</u>
Net increase in cash and cash equivalents	197,756	120,924
Cash and cash equivalents at beginning of year	<u>235,751</u>	<u>114,827</u>
Cash and cash equivalents at end of year	<u>\$ 433,507</u>	<u>\$ 235,751</u>
Supplemental disclosure of cash flow information -		
Interest paid	<u>\$ 386</u>	<u>\$ 190</u>

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

Collegiate Academies
Statement of Functional Expenses
Year Ended June 30, 2011

	<u>Instructional</u>	<u>Management and general</u>	<u>Total</u>
Salaries and benefits	\$ 1,200,311	\$ 597,756	\$ 1,798,067
Supplies	277,140	68,374	345,514
Professional services	103,696	233,051	336,747
Bus service	-	314,593	314,593
Food service	116,988	-	116,988
Travel	78,352	7,924	86,276
Purchased property services	-	69,078	69,078
Utilities	-	60,983	60,983
Dues and fees	3,025	39,866	42,891
Printing and binding	-	39,004	39,004
Telephone and postage	24,428	2,102	26,530
Insurance	-	16,524	16,524
Advertising	-	7,814	7,814
Interest	-	190	190
Total expenses	<u>\$ 1,803,940</u>	<u>\$ 1,457,259</u>	<u>\$ 3,261,199</u>

See accompanying notes to the financial statements.

**Collegiate Academies
Notes to Financial Statements
Years Ended June 30, 2012 and 2011**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collegiate Academies (the Organization) was incorporated in May of 2010 as New Orleans Charter Science and Math Academy for the purpose of operating a transformation charter school in New Orleans. Effective July 1, 2010, the assets and liabilities of New Orleans Charter Science and Math Academy were transferred from another non-profit organization (Advocates for Science and Mathematics Education, Inc.). In February of 2011, the Board of New Orleans Charter Science and Math Academy approved a name change to Collegiate Academies. The Organization was created to develop college-bound students for leadership and lifelong learning. The State Board of Elementary and Secondary Education granted the Organization a Type 5 charter to operate Collegiate Academies.

Basis of Accounting

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

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management.

Income Tax Status

The Organization is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

Management believes that all tax positions would be sustained if audited. There were no penalties or interest on income taxes incurred in 2012 or 2011, but, if incurred, they would be classified in the statement of activities as management and general expense. The Organization's tax filings since June 30, 2011 are currently open to audit under the statutes of limitations by the Internal Revenue Service.

Public Support and Revenue

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

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

RSD sends monthly invoices to the Organization showing the amount which the grant revenue covered and the difference that the Organization is obligated to pay. The revenue recognized and expense incurred related to this grant was \$175,366 and \$97,459 for the years ended June 30, 2012 and 2011.

Collegiate Academies
Notes to Financial Statements
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Estimates

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

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. There were no cash equivalents at June 30, 2012 or 2011.

Investments

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

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

Compensated Absences

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

Collegiate Academies
Notes to the Financial Statements
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

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

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

Property and Equipment

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

Subsequent Events

Subsequent events have been evaluated through December 19, 2012, the date the financial statements were available to be issued.

Collegiate Academies
Notes to the Financial Statements
(Continued)

B. INVESTMENTS

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

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
June 30, 2012				
Unrealized gains:				
Mutual funds (6)	\$ 362,651	\$ 20,096	\$ -	\$ 382,747
Fixed income funds (2)	<u>260,767</u>	<u>211</u>	<u>-</u>	<u>260,978</u>
	<u>623,418</u>	<u>20,307</u>	<u>-</u>	<u>643,725</u>
Unrealized losses:				
less than 12 months:				
Mutual funds (5)	157,493	-	(6,568)	150,925
Fixed income funds (2)	<u>122,625</u>	<u>-</u>	<u>(2,788)</u>	<u>119,837</u>
	<u>280,118</u>	<u>-</u>	<u>(9,356)</u>	<u>270,762</u>
	<u>\$ 903,536</u>	<u>\$ 20,307</u>	<u>\$ (9,356)</u>	<u>\$ 914,487</u>
June 30, 2011				
Unrealized gains:				
Mutual funds (5)	\$ 378,719	\$ 7,149	\$ -	\$ 385,868
Exchange-traded funds (1)	<u>49,884</u>	<u>760</u>	<u>-</u>	<u>50,644</u>
	<u>428,603</u>	<u>7,909</u>	<u>-</u>	<u>436,512</u>
Unrealized losses:				
less than 12 months:				
Mutual funds (5)	200,641	-	(8,193)	192,448
Exchange-traded funds (2)	<u>274,624</u>	<u>-</u>	<u>(2,892)</u>	<u>271,732</u>
	<u>475,265</u>	<u>-</u>	<u>(11,085)</u>	<u>464,180</u>
	<u>\$ 903,868</u>	<u>\$ 7,909</u>	<u>\$ (11,085)</u>	<u>\$ 900,692</u>

At June 30, 2012 and 2011, management believes that no investment security with a fair value below cost was other-than-temporarily impaired because declines in values were considered due to interest rate and other short-term fluctuations.

Collegiate Academies
Notes to the Financial Statements
(Continued)

C. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30, 2012:

Music program	\$ 10,644
Pathway to College	43,231
Science curriculum and lab	<u>10,363</u>
	<u>\$ 64,238</u>

D. CONCENTRATION OF CREDIT RISK

The Organization maintained cash accounts at local banks during 2012 and 2011. The Federal Deposit Insurance Corporation provides insurance coverage under defined limits. At various times in 2012 and 2011, the Organization had funds on deposit at these entities which were in excess of the insured amount.

For the year ended June 30, 2012, the Organization received thirty percent of its total revenue from federal sources and thirty-four percent of its total revenues from state public school funds. For the year ended June 30, 2011, the Organization received seventeen percent of its total revenue from federal sources and twenty-six percent of its total revenues from state public school funds.

E. RETIREMENT PLAN

During 2011, the Organization sponsored a 403(b) plan. Covered employees may elect to contribute a portion of their salaries to the plan. The Organization may elect to make discretionary contributions during any plan year. In 2012, the Organization elected to make a discretionary contribution of \$30,593. No such discretionary contributions were made for the year ended June 30, 2011.

F. CONTINGENCIES

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

At June 30, 2012 and 2011, the Organization was not a defendant or co-defendant in any lawsuits arising from the normal course of operations.

Collegiate Academies
Notes to the Financial Statements
(Continued)

G. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments are measured at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2 and no transfers into and out of Level 3 in 2012 and 2011. Transfers are recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment or impairment accounting. There were no nonrecurring fair value adjustments in 2012 and 2011.

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

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

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

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

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

Collegiate Academies
Notes to the Financial Statements
(Continued)

G. FAIR VALUE MEASUREMENTS - Continued

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

	<u>Fair Value Measurements at Reporting Date</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>As of June 30, 2012</u>				
Mutual funds:				
Fixed income funds	\$ 380,815	\$ 380,815	\$ -	\$ -
Equity funds	533,672	533,672	-	-
	<u>\$ 914,487</u>	<u>\$ 914,487</u>	<u>\$ -</u>	<u>\$ -</u>
<u>As of June 30, 2011</u>				
Mutual funds:				
Bond funds	\$ 359,249	\$ 359,249	\$ -	\$ -
Equity funds	219,067	219,067	-	-
Exchange-traded funds	322,376	322,376	-	-
	<u>\$ 900,692</u>	<u>\$ 900,692</u>	<u>\$ -</u>	<u>\$ -</u>

PERFORMANCE STATISTICAL DATA

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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

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

Our procedures and findings are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

**Board of Directors
Collegiate Academies**

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

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2011.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2011 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

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

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

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

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2011 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Public Staff Data (Schedule K-5)

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

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2011 roll books for those classes and determined that the class was properly classified on the schedule.

**Board of Directors
Collegiate Academies**

Graduation Exit Examination (GEE) (Schedule K-8)

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

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

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

Finding:

We noted one (1) instance where the teacher certification number for a teacher on the October PEP report was not valid as of October 1, 2011.

Corrective Action Plan:

For the one (1) instance where the teacher certification number for a teacher on the October PEP report was not valid as of October 1, 2011, the staff member was incorrectly identified in PEP as a teacher. The staff member was formerly a teacher and transitioned to an administrative role at the school in 2011-2012.

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

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

Carroll, Rigg & Ingram, L.L.C.

December 19, 2012

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-1

**General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2012**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 1,073,405	
Other instructional staff activities	-	
Employee benefits	181,507	
Purchased professional and technical services	71,590	
Instructional materials and supplies	134,737	
Less instructional equipment	-	
Total teacher and student interaction activities		\$ 1,461,239

Other instructional activities 7,212

Pupil support activities	\$ 124,851	
Less: equipment for pupil support activities	-	
Net pupil support activities		<u>124,851</u>

Instructional staff services	\$ 23,047	
Less: equipment for instructional staff services	-	
Net instructional staff services		<u>23,047</u>

School administration	\$ 419,343	
Less: equipment for school administration	-	
Net school administration		<u>419,343</u>

Total general fund instructional expenditures \$ 2,035,692

Total general fund equipment expenditures \$ -

Certain Local Revenue Sources:

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

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-2

**Education Level of Public School Staff
As of October 1, 2011**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	22	92%	2	50%	-	-	1	100%
Master's Degree	2	8%	2	50%	-	-	-	-
Master's Degree +30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	24	100%	4	100%	-	-	1	100%

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-3

**Number and Type of Public Schools
For the Year Ended June 30, 2012**

Type	Number
Elementary	-
Middle/Jr. High	-
Secondary	1
Combination	-
Total	1

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

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-4

**Experience of Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2011**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Classroom Teachers	2	16	10	-	-	-	-	28
Principals	-	-	1	-	-	-	-	1
Total	2	16	11	-	-	-	-	29

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-5

**Public School Staff Data: Average Salaries
2011-2012 School Year**

2011-2012	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 53,866	\$ 53,866
Average Classroom Teacher's Salary Excluding Extra Compensation	\$ 53,866	\$ 53,866
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	29	29

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

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-6

**Class Size Characteristics
As of October 1, 2011**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	57%	72	30%	38	10%	12	3%	4
High Activity Classes	64%	33	18%	2	18%	2	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**COLLEGIATE ACADEMIES
NEW ORLEANS, LOUISIANA**

Schedule K-8

**Graduation Exit Examination (GEE)
For the Years Ended June 30, 2010, 2011, 2012**

District Achievement Level Results	English						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	N/A	N/A	-	-	-	-	N/A	N/A	5	10%	8	13%
Mastery	N/A	N/A	6	12%	10	16%	N/A	N/A	13	25%	18	30%
Basic	N/A	N/A	34	67%	39	64%	N/A	N/A	25	49%	27	45%
Approaching Basic	N/A	N/A	10	19%	6	10%	N/A	N/A	4	8%	4	7%
Unsatisfactory	N/A	N/A	1	2%	6	10%	N/A	N/A	4	8%	3	5%
Total			51	100%	61	100%			51	100%	60	100%

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	1	2%	2	4%	N/A	N/A	-	-	-	-	N/A	N/A
Mastery	13	24%	13	25%	N/A	N/A	3	6%	5	10%	N/A	N/A
Basic	26	46%	32	61%	N/A	N/A	37	67%	40	76%	N/A	N/A
Approaching Basic	8	15%	4	8%	N/A	N/A	11	20%	5	10%	N/A	N/A
Unsatisfactory	7	13%	1	2%	N/A	N/A	4	7%	2	4%	N/A	N/A
Total	55	100%	52	100%			55	100%	52	100%		

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

**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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Collegiate Academies, as of and for the year ended June 30, 2012 and have issued our report thereon dated December 19, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Collegiate Academies's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Collegiate Academies's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Collegiate Academies's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Board of Directors
Collegiate Academies**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Collegiate Academies's financial statements are free of 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.

This report is intended solely for the information and use of management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cam, Ruggie & Ingram, L.L.C.

December 19, 2012

**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**

INDEPENDENT AUDITOR'S REPORT

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

Compliance

We have audited Collegiate Academies's 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 Collegiate Academies's major federal programs for the year ended June 30, 2012. Collegiate Academies's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Collegiate Academies's management. Our responsibility is to express an opinion on Collegiate Academies's compliance based on our audit.

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 Collegiate Academies'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. Our audit does not provide a legal determination of Collegiate Academies's compliance with those requirements.

In our opinion, Collegiate Academies complied, in all material respects, with the 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, 2012.

**Board of Directors
Collegiate Academies**

Internal Control Over Compliance

Management of Collegiate Academies is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Collegiate Academies's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Collegiate Academies'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Can, Reggs & Ingram, L.L.C.

December 19, 2012

Collegiate Academies
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Passed-through LA Dept of Education		
Title I Grants to Local Educational Agencies *	84.010	\$ 224,289
Title II Improving Teacher Quality State Grants	84.367	8,892
Education Jobs	84.410	718
IDEA - Part B - Special Education	84.027	60,289
School Improvement Grants, Recovery Act	84.388	<u>210,095</u>
		504,283
Passed-through New Schools for New Orleans		
Investing in Innovation (i3) Fund *	84.411	<u>602,702</u>
		\$ <u>1,106,985</u>
<u>U.S. Department of Agriculture</u>		
Passed-Through State Department of Education:		
School Breakfast Program		
Free and Reduced Price Meals	10.553	\$ 46,166
National School Lunch Program		
Free and Reduced Price Meals	10.555	103,464
After School Snacks	10.558	<u>25,736</u>
		\$ <u>175,366</u>
		\$ <u>1,282,351</u>

* Identified as a major program

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

Collegiate Academies
Note to the Schedule of Expenditures of
Federal Awards
For the Year Ended June 30, 2012

NOTE 1 - BASIS OF ACCOUNTING

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

**Collegiate Academies
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Collegiate Academies (a nonprofit organization).
2. No instances of noncompliance material to the financial statements of Collegiate Academies were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
4. The *Report on Compliance with Requirements Applicable that could have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
5. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. A management letter was not issued for the year ended June 30, 2012.
7. The programs tested as a major program for the year ended June 30, 2012 were:

<u>Program Title</u>	<u>CFDA No.</u>
Title I Grants to Local Educational Agencies	84.010
Investing in Innovation (i3) Fund, Recovery Act	84.411

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. Collegiate Academies did not qualify as a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to the financial statement for the year ended June 30, 2012.

**Collegiate Academies
Summary Schedule of Prior Audit Findings and
Questioned Costs
For the Year Ended June 30, 2012**

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Not applicable

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

Not applicable

SECTION III - MANAGEMENT LETTER

Not applicable.