

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)**

**Financial Statements as of June 30, 2014 and 2013  
and for the Years Then Ended  
and Independent Auditors' Report  
and Supplementary Information**

INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)

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Certified Public Accountants & Consultants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Institute for Academic Excellence  
d/b/a Sophie B. Wright Charter School  
New Orleans, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to 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 audits 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 auditors consider 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.

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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 Institute of Academic Excellence as of June 30, 2014 and 2013, 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***

#### *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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 December 29, 2014, on our consideration of Institute of Academic Excellence'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 Institute's internal control over financial reporting and compliance.

*Gurtner Zuniga Abney, LLC*

New Orleans, Louisiana  
December 29, 2014

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,008,018	\$ 1,288,580
Accounts receivable - student activity fund	110,984	-
Grants receivable	342,994	248,261
Total current assets	2,461,996	1,536,841
PROPERTY AND EQUIPMENT, net	354,453	365,922
<b>OTHER ASSETS</b>		
Prepaid Expenses	13,909	-
Funds held on behalf of others	323,453	163,818
Total other assets	337,362	163,818
<b>TOTAL ASSETS</b>	<b>\$ 3,153,811</b>	<b>\$ 2,066,581</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 354,407	\$ 31,738
Accounts payable - student activity fund	-	3,004
Due to others	323,453	163,818
Line of credit	-	-
Current maturities of long-term debt	11,000	11,000
Total current liabilities	688,860	209,560
LONG-TERM DEBT, net of current maturities	1,255	13,185
COMMITMENTS AND CONTINGENCIES (NOTE I)	-	-
NET ASSETS - Unrestricted	2,463,696	1,843,836
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,153,811</b>	<b>\$ 2,066,581</b>

See independent auditors' report and accompanying notes to financial statements.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
UNRESTRICTED REVENUES AND OTHER SUPPORT		
State public school funding	\$ 4,535,144	\$ 3,813,748
Other State funding	3,010	1,672
Federal sources	1,133,323	1,165,017
Other income	76,611	66,278
	<hr/>	<hr/>
Total unrestricted revenues and other support	5,748,088	5,046,715
UNRESTRICTED EXPENSES		
Instruction		
Regular education programs	2,465,617	2,238,899
Special education programs	152,512	138,489
Other instructional programs	127,094	115,407
	<hr/>	<hr/>
Total instruction	2,745,223	2,492,795
Support services		
Pupil support services	203,350	184,651
Instructional staff services	305,025	276,977
School administration	660,887	600,117
Business services	152,512	138,489
Operation and maintenance	254,187	230,814
Student transportation service	508,375	461,629
Food services	254,187	230,814
Depreciation	44,482	46,266
	<hr/>	<hr/>
Total support services	2,383,005	2,169,757
Total unrestricted expenses	<hr/>	<hr/>
	5,128,228	4,662,552
CHANGE IN NET ASSETS	<b>619,860</b>	<b>384,163</b>
NET ASSETS - beginning of year	<hr/>	<hr/>
	1,843,836	1,459,673
NET ASSETS - end of year	<hr/> <hr/>	<hr/> <hr/>
	<b>\$ 2,463,696</b>	<b>\$ 1,843,836</b>

See independent auditors' report and accompanying notes to financial statements.

INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 619,860	\$ 384,163
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,482	46,266
Change in operating assets and liabilities:		
Accounts receivable/payable - student activity fund	(113,988)	64,239
Grants receivable	(94,733)	(204,728)
Other assets	(13,909)	45
Accounts payable and accrued expenses	322,669	(80,397)
	<u>764,381</u>	<u>209,588</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(33,013)	-
	<u>(33,013)</u>	<u>-</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on line of credit	-	(200,000)
Principal payments on long-term debt	(11,930)	(31,398)
	<u>(11,930)</u>	<u>(231,398)</u>
Net cash used in financing activities		
CHANGE IN CASH AND CASH EQUIVALENTS	719,438	(21,810)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,288,580</u>	<u>1,310,390</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 2,008,018</u>	<u>\$ 1,288,580</u>

See independent auditors' report and accompanying notes to financial statements.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Organization* – The Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (the Institute) was granted a charter by the State Board of Elementary and Secondary Education in 2004 to promote excellence in a caring environment and to prepare each student, in a partnership with parents and the community, to be a lifelong self-directed learner in a diverse society. The Institute for Academic Excellence is a Type 5 Charter School governed by a Board of Directors.

*Financial Statement Presentation* – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Institute follows the guidance of not-for-profit accounting. Under not-for-profit accounting, the Institute is required to report information regarding its financial position and activities according to three classes 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 Institute is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Institute pursuant to those stipulations. As of June 30, 2014 and 2013, the Institute had no temporarily restricted net assets.
- Permanently Restricted – Net assets whose use by the Institute is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Institute. As of June 30, 2014 and 2013, the Institute had no permanently restricted net assets.

Also, under not-for-profit accounting, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions.

*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.

*Income Tax Status* – The Institute is a non-profit organization exempt from federal and state income tax under Section 501(c)(3) of the United States Internal Revenue Code. Management does not believe there are any uncertain tax positions included in the accompanying financial statements. As of June 30, 2014, the Institute had three years of tax returns open for review by the IRS. Years open include 2011, 2012, and 2013 and are included within the 3 year statute of limitations for IRS review. The Institute has not yet filed the tax return for the year ended June 30, 2014.



INSTITUTE FOR ACADEMIC EXCELLENCE  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

*Public Support and Revenue* – The Institute receives grant support primarily from the Louisiana State Department of Education. Contributions of donated non-cash assets 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 support or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

*Cash and Cash Equivalents* – The Institute considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

*Accounts Receivable – Student Activity Fund* – Accounts receivable – student activity fund consists of amounts advanced on the student activity fund’s behalf. The financial statements do not include an estimate for allowance for doubtful accounts as management believes that all accounts receivable are collectible.

*Grants Receivable* – The grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts as management believes that all grants receivable are collectible.

*Property and Equipment* – Property and equipment are capitalized at cost. It is the Institute’s policy to capitalize expenditures for items in excess of \$5,000 with a useful life greater than one year. Lesser amounts are expensed. Property and equipment are depreciated over their estimated useful lives using the straight-line method, using the following lives:

Machinery and equipment	5 years
Leasehold improvements	5-10 years
Vehicles	18 years

*Restricted and Unrestricted Revenue* – Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the statements of activities and changes in net assets as net assets released from restrictions.

*Donated Equipment, Services and Materials* – 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 and are 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. For the years ended June 30, 2014 and 2013, there were no non-cash contributions.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE B – CASH AND CASH EQUIVALENTS**

At June 30, 2014 and 2013, all cash and cash equivalents were on deposit at a local financial institution. At various times during the fiscal year, the Institute’s cash in bank balances may exceed the federally insured limits. At June 30, 2014 and 2013, the Institute’s uninsured cash balances totaled \$1,961,571 and \$1,130,860, respectively. The Institute has not experienced any losses in cash and cash equivalent accounts and management believes it is not exposed to any significant credit risk to cash.

**NOTE C – FUNDS HELD ON BEHALF OF OTHERS/DUE TO OTHERS**

The Institute acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$323,453 and \$163,818 at June 30, 2014 and 2013, respectively, and are reported as both an asset (funds held on behalf of others) and a liability (due to others). Consequently, there is no effect on the Institute’s net assets. As of June 30, 2014, the student activities funds owed the Institute \$110,984. As of June 30, 2013, the Institute owed the student activities funds \$3,004.

**NOTE D – GRANTS RECEIVABLE**

Grants receivable were comprised of the following:

	<u>2014</u>	<u>2013</u>
U.S. Department of Education passed through the Louisiana Department of Education:		
IDEA Part B - Special Education	\$ 51,289	\$ 8,080
Title I - Part A	70,937	51,618
21 <sup>st</sup> Century Grant	207,213	66,697
TIF	-	79,700
HEAP	-	27,306
School Food Services Funds	4,491	7,549
Race to the Top	6,054	2,651
State grant-Education support	1,336	4,325
Grants Receivable- General	1,674	335
	<u>          </u>	<u>          </u>
Total grants receivable	<u>\$ 342,994</u>	<u>\$ 248,261</u>

INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2014	2013
Machinery and equipment	\$ 252,160	\$ 245,467
Leasehold improvements	312,966	312,966
Vehicles	366,920	340,600
	932,046	899,033
Less: accumulated depreciation	(577,593)	(533,111)
Total property and equipment	\$ 354,453	\$ 365,922

Depreciation expense was \$44,482 and \$46,266 for the year ended June 30, 2014 and 2013, respectively.

NOTE F – RETIREMENT PLAN

During the fiscal year ended June 30, 2014, the Institute began to offer its employees a 403(b) retirement plan (the Plan), underwritten by Hartford Securities. Pertinent information relative to this plan is as follows:

**Plan Description** – The 403(b) plan provides retirement benefits as well as benefits for disability, unemployment, and hardship for full-time employees. Employees are eligible to participate in the plan immediately upon hire. All participant contributions are 100% vested at the time of funding. Employer matching contributions, plus any earnings generated, are vested after five years of service. The School provides matching contributions of 4% of annual salary for 1-4 years of service and 7.5% of annual salary after 5 years of service. The School provides matching contributions of 10% of annual salary for the principal and assistant principal after 5 years of service.

**Funding Policy** – Plan participants have the option of contributing funds before-tax (traditional) or after-tax (Roth), with a maximum annual contribution per participant of the lesser of \$17,500, or 100% of includible compensation. Participants over the age of 50 have the option to contribute an additional \$5,500 per year as a “catch-up” contribution. The Institute may match participant contributions equal to a discretionary percentage, as determined by the Employer from year to year. Each participant must be employed on the last day of the contribution period to be considered eligible for matching contributions.

The Institute’s contributions to the Plan for the year ended June 30, 2014 were \$93,661.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE G – COMPENSATED ABSENCES**

Teachers and staff are allowed a maximum of 10 cumulative sick and/or personal days per year. These days will not carry over to the next year, but may, at the discretion of the Institute’s Board of Directors, be used for extended sick leave if an employee has a medical event that necessitates longer than 10 days of recovery, and permission is granted by the Board of Directors of the Institute. At the time of retirement, death or termination, no monies will be owed or paid to an employee for accumulated sick days. If an employee leaves the Institute to continue in another public school system, the accumulated days on record will be transferred to that system upon resignation from the Institute.

**NOTE H – LONG-TERM DEBT**

Long-term debt consisted of the following at June 30:

	<b>2014</b>	<b>2013</b>
Note payable to a financial institution, collateralized by vehicles with interest based on the LIBOR rate	\$ -	\$ -
Note payable to a financial institution, collateralized by a vehicle with interest based on the LIBOR rate	12,255	24,185
Total debt	12,255	24,185
Less: current maturities	(11,000)	(11,000)
Long-term debt	<b>\$ 1,255</b>	<b>\$ 13,185</b>

Total debt outstanding matures as follows:

2015	\$ 11,000
2016	1,255
	<b>\$ 12,255</b>

**NOTE I – COMMITMENTS AND CONTINGENCIES**

The Institute is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the years ended June 30, 2014 and 2013.

The Institute has employment contracts with all employees. The 9 month contracts for the 2013-2014 school year expired May 23, 2014. The 12 month contracts for the 2013-2014 school year expired June 27, 2014. All contracts provide for a minimum annual salary and other benefits.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

The Institute is a recipient of federal and state grants. The grants are governed by various federal and state guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants are under the control and administration of the School and are subject to audit and/or review by the federal or state grantor. Any grant funds found to be not properly spent in accordance with the terms, conditions, and regulations of the Federal and State agencies may be subject to recapture.

**NOTE J – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 29, 2014, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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



Certified Public Accountants & Consultants

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

To the Board of Directors  
Institute for Academic Excellence  
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 the Institute for Academic Excellence (d/b/a Sophie B. Wright Charter School) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Institute for Academic Excellence 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. Management of the Institute for Academic Excellence is responsible for its performance and statistical data. This agreed-upon procedure 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.

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 inspected 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 - not applicable,
  - Total Local Earnings on Investment in Real Property - not applicable,
  - Total State Revenue in Lieu of Taxes - not applicable,
  - Nonpublic Textbook Revenue - not applicable, and
  - Nonpublic Transportation Revenue - not applicable.

*Findings: None noted*

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### 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 school board supporting payroll records as of October 1st.

*Findings: None noted*

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 the schedule.

*Findings: None noted*

4. We obtained a list of full time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on the schedule. We traced a random sample of 5 teachers to the individual’s personnel file and determined if the individual’s education level was properly classified on the schedule.

*Findings: None 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.

*Findings: None 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 1st and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule.

*Findings: None noted*

### Public School Staff Data (Schedule 5)

7. We obtained a list of 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 5 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.

*Findings: None noted*

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

*Findings: None 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 and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

*Findings: None noted*

Louisiana Educational Assessment Program (LEAP) (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 Institute for Academic Excellence.

*Findings: None noted*

Graduation Exit Exam (GEE) (Schedule 8)

11. 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 Institute for Academic Excellence.

*Findings: Not applicable for fiscal year ended June 30, 2014*

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 Institute for Academic Excellence.

*Findings: None 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 the management of the Institute for Academic Excellence, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Gurtner Zuniga Abney, LLC*

New Orleans, Louisiana  
December 29, 2014

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
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	\$ 1,130,893	
Other Instructional Staff Salaries	57,793	
Employee Benefits	377,297	
Purchased Professional and Technical Services	109,185	
Instructional Materials and Supplies	37,341	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		1,712,509

Other Instructional Activities -

Pupil Support Services	203,350	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		203,350

Instructional Staff Services	305,025	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		305,025

School Administration	660,887	
Less: Equipment for School Administration	-	
Net School Administration		660,887

Total General Fund Instructional Expenditures **\$ 2,881,771**

Total General Fund Equipment Expenditures **\$ -**

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

**INSTITUTE FOR ACADEMIC EXCELLENCE**  
**(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)**  
**SCHEDULE 2 - 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	-	-	-	-	-	-	-	-
Bachelor's Degree	16	70	4	100	-	-	-	-
Master's Degree	7	30	-	-	2	100	-	-
Master's Degree + 30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	23	100	4	100	2	100	-	-

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

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 3 - NUMBER AND TYPE OF PUBLIC SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

**INSTITUTE FOR ACADEMIC EXCELLENCE**  
**(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)**  
**SCHEDULE 4 - 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	-	-	1	-	1	-	1	3
Principals	-	-	-	-	1	-	-	1
Classroom Teachers	4	1	12	1	7	2	3	30
Total	4	1	13	1	9	2	4	34

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

**INSTITUTE FOR ACADEMIC EXCELLENCE**  
**(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)**  
**SCHEDULE 5 - PUBLIC SCHOOL STAFF DATA**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	48,900.51	46,876.65
Average Classroom Teachers Salary Excluding Extra Compensation	48,900.51	46,876.65
Number of Teacher Full-Time Equivalent (FTEs) used in Computation of Average Salaries	30.00	26.00

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

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 6 - CLASS SIZE CHARACTERISTICS  
AS OF OCTOBER 1, 2013**

	Class Size Range							
	1-20		21-26		27-33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle / Jr. High	22%	33	9%	13	-	-	-	-
Middle / Jr. High Activity Classes	1%	2	-	-	-	-	-	-
High	50%	75	13%	20	-	-	-	-
High Activity Classes	3%	5	2%	3	-	-	-	-
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.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 7 - 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
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

(Continued)



**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 7 - LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP), (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	-	-	1%	-	1%	-
Mastery	-	8%	7%	-	4%	5%
Basic	27%	57%	53%	29%	63%	62%
Approaching Basic	61%	32%	36%	34%	19%	18%
Unsatisfactory	12%	3%	3%	37%	13%	15%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	-	-	1%	-	-	-
Mastery	-	4%	12%	3%	6%	9%
Basic	25%	53%	63%	42%	53%	57%
Approaching Basic	62%	38%	20%	46%	34%	25%
Unsatisfactory	13%	5%	4%	9%	7%	9%
Total	100%	100%	100%	100%	100%	100%

(Concluded)

See independent accountants' report for applying agreed-upon procedures.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 8 - GRADUATION EXIT EXAM (GEE)  
FOR THE YEAR ENDED JUNE 30, 2014**

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 10						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 11						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

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

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 9 - iLEAP TESTS  
FOR THE YEAR ENDED JUNE 30, 2014**

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

(Continued)

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 9 - iLEAP TESTS, (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

(Continued)

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 9 - iLEAP TESTS, (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	-	4%	-	-	-	-
Mastery	6%	-	5%	-	-	10%
Basic	44%	35%	54%	61%	46%	56%
Approaching Basic	28%	35%	23%	17%	19%	18%
Unsatisfactory	22%	26%	18%	22%	35%	16%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	-	-	-	-	-	-
Mastery	-	8%	5%	-	4%	3%
Basic	44%	42%	41%	17%	31%	54%
Approaching Basic	33%	42%	31%	61%	38%	10%
Unsatisfactory	23%	8%	23%	22%	27%	33%
Total	100%	100%	100%	100%	100%	100%

(Continued)

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE 9 - iLEAP TESTS, (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	4%	-	-	-	-	-
Mastery	6%	4%	11%	2%	1%	5%
Basic	41%	44%	58%	41%	35%	54%
Approaching Basic	29%	42%	25%	20%	41%	24%
Unsatisfactory	20%	10%	6%	37%	23%	17%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	4%	-	1%	-	-	-
Mastery	6%	13%	33%	4%	6%	1%
Basic	37%	42%	45%	35%	30%	64%
Approaching Basic	27%	39%	21%	35%	44%	18%
Unsatisfactory	26%	6%	-	26%	20%	17%
Total	100%	100%	100%	100%	100%	100%

(Concluded)

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

**INFORMATION REQUIRED BY GASB AND OMB CIRCULAR A-133**



Certified Public Accountants & Consultants

**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  
Institute for Academic Excellence  
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 Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 29, 2014.

**Internal Control Over Financial Reporting**

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

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 material weaknesses and significant deficiencies.

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 to be a material weakness. See Finding 2013-01.

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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 to be a significant deficiency. See Finding 2011-01.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Institute'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 matters 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 2013-01.

### **Institute for Academic Excellence's Response to Findings**

The Institute's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute'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.

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

*Gurtner Zuniga Almey, LLC*

New Orleans, Louisiana  
December 29, 2014



Certified Public Accountants & Consultants

**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  
Institute for Academic Excellence  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Institute for Academic Excellence d/b/a Sophie B. Wright Charter School's (the Institute) 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 Institute's major federal programs for the year ended June 30, 2014. The Institute's major federal programs are identified in the summary of auditor's 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.

***Auditors' Responsibility***

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

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### ***Unmodified Opinion on Each of the Major Federal Programs***

In our opinion, the Institute 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 identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-01. Our opinion on each major federal program is not modified with respect to this matter.

The Institute's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Institute 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 Institute'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 Institute's internal control over compliance.

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

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a material weakness.

*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. Our consideration of internal control over compliance noted no deficiencies in internal control over compliance to be significant deficiencies.

The Institute's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Gurtner Zuniga Almey, LLC*

New Orleans, Louisiana  
December 29, 2014

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Education		
Passed-through the Louisiana Department of Education		
Title I Part A-Improving the Academic Achievement of the Disadvantaged	84.010A	\$ 371,159
Title II Part A - Teacher and Principal Training and Recruiting	84.367A	59,936
Individuals with Disabilities Education Act (IDEA) Part B	84.027A	119,067
Twenty-First Century Community Learning Centers	84.287A	340,710
Excellence in Education	84.215B	4,047
Teacher Incentive Fund	84.374A	6,180
Race to the Top	84.395A	17,682
Total		<u>918,781</u>
United States Department of Education		
Passed-through New Schools for New Orleans		
Teacher Incentive Fund	84.374A	11,037
Total		<u>11,037</u>
United States Department of Agriculture		
Passed-through the Louisiana Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	50,314
National School Lunch Program	10.555	148,700
Summer Food Service Program for Children	10.559	4,491
Total Child Nutrition Cluster		<u>203,505</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,133,323</u></u>

**Note A - Summary of Significant Accounting Policies**

*Basis of Presentation* – The accompanying schedule of expenditures of federal awards includes the federal grant activity of Institute for Academic Excellence d/b/a Sophie B. Wright Charter School 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.

See accompanying independent auditor's report

INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<u>    X    </u> yes	<u>        </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u>    X    </u> yes	<u>        </u> none reported
Noncompliance material to financial statements noted?	<u>        </u> yes	<u>    X    </u> no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	<u>    X    </u> yes	<u>        </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u>        </u> yes	<u>    X    </u> none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	<u>    X    </u> yes	<u>        </u> no
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Identification of major programs:

CFDA Numbers

84.010A	Title I Part A-Improving the Academic Achievement of the Disadvantaged
84.287A	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs:	<u>    \$ 300,000    </u>
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Auditee qualified as low-risk audit?	<u>        </u> yes	<u>    X    </u> no
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**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section II – Findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards***

None noted.

**Section III – Findings and questioned costs for federal awards under OMB Circular A-133 §510(a)**

None noted.

**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section II – Findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards***

**2013-01 – Material Weakness: Internal Controls Over Expenditures**

**Condition:** The Institute has a formal established set of policies and procedures for procurement/purchasing of expenditures that was not being adhered to during the year.

- 1) We noted during our testing that there were several expenditures selected for which no purchase requisition or purchase order could be provided to support the request or authorization of the expenditure, inclusive of credit card purchases for which there was no evidence of supporting documentation for the business purpose of the expenditure as there was no requisition of purchase order generated related to these charges.
- 2) In addition, the Institute uses credit cards for many of its purchases. The current policy does not specifically provide for controls around the use/authorization of credit card purchases. There are currently five credit cards that are issued to various Institute employees for which they are permitted to extensively use. In addition, the Charter Director/Principal reviews and authorizes the payment of the credit card expenditures each month but there is no independent review of the Charter Director/Principal's charges.

**Recommendation:** We recommend that the Institute ensure that they adhere to the policies and procedures established in their procurement/purchasing policies. Most importantly, that they maintain the documentary evidence that demonstrates the expenditure's business purposes, the proper review, and authorization of each expenditure.

Additionally, as it relates to credit card usage, we recommend that the organization implement stronger controls over credit card usage by employees and incorporate these controls into their procurement/purchasing policy as follows:

- A board member should review the credit card statements of the Charter Director on a monthly basis to evidence the review/authorization of these charges.
- Require pre-approval of credit card usage of employees
- Maintain control over credit cards while not in use.
- The business office manager should review on-line statements frequently and isolate and resolve questionable charges regularly.
- Consider establishing spending limits on credit cards for employees

**Current status:** Resolved. Management implemented new procedures over expenditures during the year including proper evidence of business purpose and proper review and authorization of each expenditure. In addition, management implemented new procedures over expenditures during the year which include board member approval of all credit card statements on a monthly basis, monthly review and accounting by the business office manager, and consolidation of the number of open credit card accounts. These procedures were fully implemented by June 2014.



**INSTITUTE FOR ACADEMIC EXCELLENCE  
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**2011-01 – Significant Deficiency: Accounts not reconciled timely and accurately**

**Condition:** All accounts were not reconciled throughout the year, including bank accounts, payable accounts, and grant expenditures accounts.

**Recommendation:** The Institute should accurately reconcile all accounts on a regular basis.

**Current Status:** Resolved. All material accounts were reconciled prior to the audit and are being reconciled on an ongoing basis by the business office manager.

**Section III – Findings and questioned costs for federal awards under OMB Circular A-133 §510(a)**

None noted.

# Gurtner · Zuniga · Abney

Certified Public Accountants & Consultants

To the Board of Directors and Management  
Institute for Academic Excellence  
d/b/a Sophie B. Wright Charter School  
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (the Institute) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Institute's internal control over financial reporting (internal control) 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 the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

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, during our audit we identified a material weakness and a significant deficiency related to the Institute's internal control over financial reporting and other matters as of June 30, 2014, that we wish to bring to your attention. This letter does not affect our report dated December 29, 2014, on the financial statements of the Institute.

The definition of a deficiency, material weakness and significant deficiency are also set forth in the attached Appendix.

During our audit, we also became aware of an other matter as described in the attached Appendix.

Although we have included management's written response to our comments in the attached Appendix, such responses have not been subjected to the auditing procedures applied in our audit and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Institute management, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

*Gurtner Zuniga Abney, LLC*

New Orleans, Louisiana  
December 29, 2014

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## APPENDIX

### SECTION I - MATERIAL WEAKNESS IDENTIFIED DURING THE AUDIT

#### *PRIOR YEAR FINDING AND STATUS UPDATE*

##### **2013-01 – Material Weakness: Internal Controls Over Expenditures**

**Condition:** The Institute has a formal established set of policies and procedures for procurement/purchasing of expenditures that was not being adhered to during the year.

- 1) We noted during our testing that there were several expenditures selected for which no purchase requisition or purchase order could be provided to support the request or authorization of the expenditure, inclusive of credit card purchases for which there was no evidence of supporting documentation for the business purpose of the expenditure as there was no requisition of purchase order generated related to these charges.
- 2) In addition, the Institute uses credit cards for many of its purchases. The current policy does not specifically provide for controls around the use/authorization of credit card purchases. There are currently five credit cards that are issued to various Institute employees for which they are permitted to extensively use. In addition, the Charter Director/Principal reviews and authorizes the payment of the credit card expenditures each month but there is no independent review of the Charter Director/Principal's charges.

**Recommendation:** We recommend that the Institute ensure that they adhere to the policies and procedures established in their procurement/purchasing policies. Most importantly, that they maintain the documentary evidence that demonstrates the expenditure's business purposes, the proper review, and authorization of each expenditure.

Additionally, as it relates to credit card usage, we recommend that the organization implement stronger controls over credit card usage by employees and incorporate these controls into their procurement/purchasing policy as follows:

- A board member should review the credit card statements of the Charter Director on a monthly basis to evidence the review/authorization of these charges.
- Require pre-approval of credit card usage of employees
- Maintain control over credit cards while not in use.
- The business office manager should review on-line statements frequently and isolate and resolve questionable charges regularly.
- Consider establishing spending limits on credit cards for employees

**Current status:** Resolved. Management implemented new procedures over expenditures during the year including proper evidence of business purpose and proper review and authorization of each expenditure. In addition, management implemented new procedures over expenditures during the year which include board member approval of all credit card statements on a monthly basis, monthly review and accounting by the business office manager, and consolidation of the number of open credit card accounts. These procedures were fully implemented by June 2014.

## **SECTION II - DEFICIENCIES IDENTIFIED DURING THE AUDIT**

### ***PRIOR YEAR FINDING AND STATUS UPDATE***

#### **2011-01 – Significant Deficiency: Accounts not reconciled timely and accurately**

**Condition:** All accounts were not reconciled throughout the year, including bank accounts, payable accounts, and grant expenditures accounts.

**Recommendation:** The Institute should accurately reconcile all accounts on a regular basis.

**Current Status:** Resolved. All material accounts were reconciled prior to the audit and are being reconciled on an ongoing basis by the business office manager.

## **SECTION III - OTHER MATTERS IDENTIFIED DURING THE AUDIT**

### ***CURRENT YEAR***

#### **Compliance with State Ethics Law**

**Criteria:** According to La. R.S. 17:3996(B)(20), the Institute is subject to the Louisiana Code of Governmental Ethics. La. R.S. 42:1113 provides with respect to prohibited transactions that no public servant ... or member of such public servant's immediate family ... shall enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.

**Condition:** Contractor services of \$1,966.50 were paid during the fiscal year to two immediate family members of the Institute's management for participation in summer programs. According to management, the Board of Directors was informed of these transactions and legal counsel was sought prior to the contracting of the two family members, which advised the Institute that this would not be a violation of the State ethics law as long as the family members were not supervised by the related member of management, the positions were open to other candidates, and the costs were not paid with any federal grant funds.

**Cause:** The Institute complied with these conditions as advised by legal counsel. However, no written determination was obtained by legal counsel or the Louisiana Board of Ethics and no written approval was obtained from the Board of Directors.

**Effect:** It is uncertain whether these circumstances comply with the State ethics laws. If found to be in noncompliance with the State ethics laws, it could result in fines/penalties assessed against the Institute. It is uncertain at this time what effects, if any, this matter will have on the financial statements.

**Recommendation:** In the future, the Institute should obtain a written opinion from their legal counsel regarding any interpretation of the State ethics law. If legal counsel deems necessary, a written determination from the Louisiana Board of Ethics should be requested prior to the contracting or hiring of any immediate family members to ensure that the transactions are permitted by the Louisiana Code of Governmental Ethics. If any questionable transactions are deemed to be appropriate, then written approval from the Board of Directors should also be obtained.

**Management's Response:** The Institute agrees with the recommendation. We will obtain written determinations from legal counsel and if necessary, will request a determination from the Ethics Board prior to any future transactions taking place. We will also ensure that we obtain written approval from the Board of Directors prior to entering into any transactions with immediate family members, if the transactions are deemed appropriate.

#### **SECTION IV – DEFINITION**

The definition of a deficiency that is established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, is as follows:

A deficiency 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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 combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.