1004b

# SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS

FINANCIAL STATEMENTS
AND
REPORT TO BOARD

August 31, 2013 and 2012

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS

CONTENTS

Clifton W Newlin
Robert D Watkins
Edward G Berbuesse, Jr
Jon S Folse

Wegmann Dazet & Company

Mark D Bohnet
Lisa D Englade
Kerney F Craft Jr
Jonathan P Koenig

# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of School Leadership Center of Greater New Orleans (a nonprofit organization), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School Leadership Center of Greater New Orleans as of August 31, 2013 and 2012, 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of School Leadership Center of Greater New Orleans'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 School Leadership Center of Greater New Orleans's internal control over financial reporting and compliance

December 2, 2013

Wegmann Dazet + Company

# SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
## STATEMENTS OF FINANCIAL POSITION

August 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 858,830 | $ 887,337 |
| Accounts receivable | 53,569 | 130,622 |
| Other receivables | 133,885 | 27,181 |
| Prepaid expenses | 969 | 2,049 |
| Total current assets | 1,047,253 | 1,047,189 |
| Property and equipment, at cost less accumulated depreciation | 1,048 | 19,763 |
| Deposits | 8,455 | 8,399 |
| Total assets | $ 1,056,756 | $ 1,075,351 |
| **LIABILITIES** | | |
| Current liabilities | | |
| Accounts payable | $ 44,991 | $ 115,159 |
| Accrued expenses | 153,253 | 140,502 |
| Deferred revenue | 41,436 | 9,250 |
| Total current liabilities | 239,680 | 264,911 |
| **NET ASSETS** | | |
| Net assets | | |
| Unrestricted | 817,076 | 810,440 |
| Total net assets | 817,076 | 810,440 |
| Total liabilities and net assets | $ 1,056,756 | $ 1,075,351 |

See accompanying Notes to Financial Statements

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2013

| | Unrestricted | Temporarily Restricted | Total |
|---|---|---|---|
| Revenues | | | |
| Contributions | $ 463,242 | $ 98,500 | $ 561,742 |
| Program revenues | 2,324,348 | - | 2,324,348 |
| Miscellaneous income | 145,178 | - | 145,178 |
| Net assets released from restrictions | 98,500 | (98,500) | - |
| Total revenue | 3,031,268 | - | 3,031,268 |
| Expenses | | | |
| Program services | | | |
| Personnel | 1,765,204 | - | 1,765,204 |
| Contracts | 771,145 | - | 771,145 |
| Travel | 62,938 | - | 62,938 |
| Conferences and workshops | 52,471 | - | 52,471 |
| Equipment | 88,702 | - | 88,702 |
| School leadership library | 2,625 | - | 2,625 |
| Printing and mailing | 41,824 | - | 41,824 |
| General and administrative | 221,008 | - | 221,008 |
| Depreciation | 18,715 | - | 18,715 |
| Total expenses | 3,024,632 | - | 3,024,632 |
| Change in net assets | 6,636 | - | 6,636 |
| Net assets | | | |
| Beginning of year | 810,440 | - | 810,440 |
| End of year | $ 817,076 | $ - | $ 817,076 |

See accompanying Notes to Financial Statements

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2012

| | Unrestricted | Temporarily Restricted | Total |
|---|---|---|---|
| Revenues | | | |
| Contributions | $ 711,769 | $ 39,000 | $ 750,769 |
| Program revenues | 2,027,238 | - | 2,027,238 |
| Miscellaneous income | 136,505 | - | 136,505 |
| Net assets released from restrictions | 86,832 | (86,832) | - |
| Total revenue | 2,962,344 | (47,832) | 2,914,512 |
| Expenses | | | |
| Program services | | | |
| Personnel | 1,753,201 | - | 1,753,201 |
| Contracts | 791,547 | - | 791,547 |
| Travel | 66,519 | - | 66,519 |
| Conferences and workshops | 40,900 | - | 40,900 |
| Equipment | 92,427 | - | 92,427 |
| School leadership library | 4,907 | - | 4,907 |
| Printing and mailing | 48,064 | - | 48,064 |
| General and administrative | 218,375 | - | 218,375 |
| Depreciation | 27,767 | - | 27,767 |
| Total expenses | 3,043,707 | - | 3,043,707 |
| Change in net assets | (81,363) | (47,832) | (129,195) |
| Net assets | | | |
| Beginning of year | 891,803 | 47,832 | 939,635 |
| End of year | $ 810,440 | $ - | $ 810,440 |

SCHOOL LEADERSHIP CENTER OF GREATER NEW ORLEANS
STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Cash flows from operating activities | | |
| Change in net assets | $ 6,636 | $ (129,195) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | | |
| Depreciation | 18,715 | 27,767 |
| (Increase) decrease in operating assets | | |
| Receivables | 77,053 | 98,339 |
| Other receivables | (106,704) | (27,150) |
| Prepaid expenses | 1,080 | 4,599 |
| Other noncurrent assets | (56) | - |
| Increase (decrease) in operating liabilities | | |
| Accounts payable and accrued expenses | (57,417) | 33,872 |
| Deferred revenue | 32,186 | (43,542) |
| Other current liabilities | - | (25,000) |
| Net cash used by operating activities | (28,507) | (60,310) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | - | (2,097) |
| Net cash used by investing activities | - | (2,097) |
| Net decrease | (28,507) | (62,407) |
| Cash and cash equivalents at beginning of year | 887,337 | 949,744 |
| Cash and cash equivalents at end of year | $ 858,830 | $ 887,337 |

See accompanying Notes to Financial Statements

1) Nature of the business

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

The Center's governing members consist of Xavier University, the University of New Orleans and Baptist Community Ministries

2) Summary of significant accounting principles

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

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

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

c) Accounts receivable
The Center writes off uncollectible accounts as they are identified There was $3,311 written off in the year ending August 31, 2013 and no amounts were written off in the year ending August 31, 2012 No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible

d) Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

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

| | Useful Lives |
|---|---|
| Office furniture | 5 years |
| Office equipment | 3 years |
| Leasehold improvements | 5 years |

2) Summary of significant accounting principles (continued)

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

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

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

h) Accrued vacation
The Center accrues an amount for unused vacation The Center has accrued approximately $151,500 and $140,300 as of August 31, 2013 and 2012, respectively, which is included in accrued expenses on the balance sheet

i) Income taxes
The Center is exempt from income taxes under Section 501(c)(3) of the U S Internal Revenue Code

The Center adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes* Management of the Center believes there is no material uncertain tax position and, accordingly it will not recognize any liability for unrecognized tax benefits With few exceptions, the Center is no longer subject to United States federal or Louisiana state income tax examinations by tax authorities for the years before 2010

3) Property and equipment

Property and equipment is summarized as follows

| | 2013 | 2012 |
|---|---|---|
| Office furniture and equipment | $ 154,102 | $ 154,102 |
| Leasehold improvements | 43,781 | 43,781 |
| | 197,883 | 197,883 |
| Less accumulated depreciation and amortization | 196,835 | 178,120 |
| | $ 1,048 | $ 19,763 |

4) Operating leases

The Center leases its office space under a 5-year operating lease, which expires on April 30, 2013 Future minimum payments under noncancelable operating leases as of August 31, 2013, are as follows

| | |
|---|---|
| 2014 | $ 88,430 |
| 2015 | 82,300 |
| 2016 | 54,870 |
| | $ 225,600 |

Rent expense was approximately $84,000 and $80,000 during 2013 and 2012, respectively

5) Contributions and grants

During fiscal year end 2013 Baptist Community Ministries ("BCM") awarded the Center a $450,000 grant to be used for the purposes described as grant objectives, as defined by the grant, and for purposes approved by the BCM Board of Trustees for a period of September 1, 2012 through August 31, 2013

During fiscal year end 2012 Baptist Community Ministries ("BCM") awarded the Center a $650,000 grant to be used for the purposes described as grant objectives, as defined by the grant, and for purposes approved by the BCM Board of Trustees for a period of September 1, 2011 through August 31, 2012

During fiscal year end 2011 Baptist Community Ministries ("BCM") awarded the Center a $100,000 grant to be used for the purposes described as grant objectives, as defined by the grant, and for purposes approved by the BCM Board of Trustees for a period of March 1, 2011 through February 31, 2012 A total of $37,500 and $62,500 was received from this grant during 2012 and 2011, respectively At August 31, 2013 and 2012, there were no temporarily restricted net assets remaining

6) Employee benefit plan

The Center maintains a deferred compensation plan covering all eligible employees The Center matches 100% of the first 3% of employee deferrals, plus 50% of the next 2% of deferrals with a maximum contribution of 4% of gross salary Matching contributions for the years ended August 31, 2013 and 2012 was $49,794 and $44,815, respectively

7) Subsequent events

Management has evaluated subsequent events through December 2, 2013, the date which the financial statements were available to be issued There were no material subsequent events that required recognition or additional disclosure in these financial statements

CLIFTON W NEWLIN
ROBERT D WATKINS
EDWARD G BERBUESSE, JR
JON S FOLSE

WEGMANN DAZET & COMPANY

MARK D BOHNET
LISA D ENGLADE
KERNEY F CRAFT JR
JONATHAN P KOENIG

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of School Leadership Center of Greater New Orleans (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2013

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether School Leadership Center of Greater New Orleans'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

**Purpose of this Report**

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

Metairie, Louisiana
December 2, 2013

Wegmann Dazet + Company