

PRIDE COLLEGE PREP ACADEMY

FINANCIAL STATEMENTS

For the Years Ended June 30, 2012 and 2011

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses- 2012	6
Statement of Functional Expenses- 2011	7
Notes to Financial Statements	8
SCHEDULES REQUIRED BY STATE LAW (PERFORMANCE STATISTICAL DATA)	
Independent Accountant’s Report on Applying Agreed-Upon Procedures	14
Schedule K-1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2012	18
Schedule K-2: Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers	19
Schedule K-3: Number and Type of Public Schools	20
Schedule K-4: Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers.....	21
Schedule K-5: Public School Staff Data	22
Schedule K-6: Class Size Characteristics	23
Schedule K-7: Louisiana Educational Assessment Program (LEAP) for the 21 st Century	24
Schedule K-9: Integrated Louisiana Educational Assessment Program (iLeap)	25

TABLE OF CONTENTS

Page

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Independent Auditor's 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	28
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32
Summary Schedule of Prior Audit Findings and Questioned Costs	33



Carr, Riggs & Ingram, LLC
3501 North Causeway Boulevard
Suite 810
Metairie, Louisiana 70002

(504) 837-9116
(504) 837-0123 (fax)
www.CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pride College Prep Academy
New Orleans, Louisiana

We have audited the accompanying Statements of Financial Position of Pride College Prep Academy (a nonprofit organization) ("Pride"), and the related Statements of Activities, Cash Flows, and Functional Expenses as of and for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of Pride's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In accordance with *Government Auditing Standards* we have also issued our report dated October 19, 2012 on our consideration of Pride's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purposes of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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.

Carr, Riggs & Ingram, LLC

October 19, 2012

PRIDE COLLEGE PREP ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 510,307	\$ 254,857
Prepaid expense	13,225	5,780
Grants receivable	198,434	331,978
Total Current Assets	721,966	592,615
Total Assets	\$ 721,966	\$ 592,615
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 274,108	\$ 131,226
Total Current Liabilities	274,108	131,226
Net Assets:		
Unrestricted	447,858	461,389
Total Net Assets	447,858	461,389
Total Liabilities and Net Assets	\$ 721,966	\$ 592,615

See accompanying notes to financial statements.

PRIDE COLLEGE PREP ACADEMY
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2012 and 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Public Support Revenues and Other Support		
Local per pupil aid	\$ 1,104,381	\$ 827,388
Federal sources	731,048	742,945
State public school funds	979,781	681,318
Donations and contributions	52,317	61,556
Other revenues	-	585
Total Public Support and Other Revenues	2,867,527	2,313,792
Expenses		
Program services:		
Instructional	1,350,694	1,044,702
Supporting services:		
Management and general	1,530,364	1,259,678
Total Expenses	2,881,058	2,304,380
Increase (decrease) in Unrestricted Net Assets	(13,531)	9,412
Net Assets at Beginning of Fiscal Year	461,389	451,977
Net Assets at End of Fiscal Year	\$ 447,858	\$ 461,389

See accompanying notes to financial statements.

PRIDE COLLEGE PREP ACADEMY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ (13,531)	\$ 9,412
Increase (decrease) in operating assets:		
Accounts/grants receivable	133,544	(10,857)
Prepaid expenses	(7,445)	1,144
Increase in operating liabilities:		
Accounts payable	142,882	29,685
Net cash provided by operating activities	255,450	29,384
Net increase in cash and cash equivalents	255,450	29,384
Cash and Cash Equivalents, Beginning of Fiscal Year	254,857	225,473
Cash and Cash Equivalents, End of Fiscal Year	\$ 510,307	\$ 254,857

See accompanying notes to financial statements.

PRIDE COLLEGE PREP ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

Expenses:	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 1,222,361	\$ 520,592	\$ 1,742,953
Bus service	-	277,510	277,510
Professional services	38,902	162,109	201,011
Food service	-	195,440	195,440
Purchased property services	-	134,812	134,812
Supplies	44,289	56,636	100,925
Dues and fees	10,993	45,250	56,243
Rent	-	52,317	52,317
Utilities	-	30,038	30,038
Telephone and postage	18,748	10,870	29,618
Insurance	-	24,056	24,056
Travel	9,141	11,106	20,247
Advertising	-	9,628	9,628
Textbooks	6,260	-	6,260
Total Expenses	<u><u>\$ 1,350,694</u></u>	<u><u>\$ 1,530,364</u></u>	<u><u>\$ 2,881,058</u></u>

See accompanying notes to financial statements.

PRIDE COLLEGE PREP ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

Expenses:	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 832,642	\$ 442,979	\$ 1,275,621
Bus service	-	233,870	233,870
Supplies	87,892	63,619	151,511
Professional services	46,219	96,317	142,536
Food service	-	141,799	141,799
Purchased property services	-	96,803	96,803
Dues and fees	23,417	57,677	81,094
Rent	-	57,792	57,792
Textbooks	41,844	-	41,844
Utilities	-	27,246	27,246
Travel	11,336	4,458	15,794
Insurance	-	14,738	14,738
Telephone and postage	1,352	12,570	13,922
Advertising	-	6,947	6,947
Interest expense	-	2,863	2,863
Total Expenses	<u>\$ 1,044,702</u>	<u>\$ 1,259,678</u>	<u>\$ 2,304,380</u>

See accompanying notes to financial statements.

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pride College Prep Academy (a nonprofit organization) (“Pride”) was incorporated in the fall of 2008 for the purpose of operating a charter school in New Orleans, Louisiana. Pride was created to offer overexposure to basic skills in an extended day, year-round program with the latest in enrichment strategies derived from brain research. Pride’s mission is to provide each of its students the ability and desire to excel in college. The State Board of Elementary and Secondary Education granted Pride a Type 5 charter to operate Pride College Prep Academy.

Basis of Accounting

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

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

Income Tax Status

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

Public Support and Revenue

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

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. Pride uses the direct write-off method of writing off uncollectible receivables.

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pride receives grant revenue in order to provide food services to its students. The grant proceeds are given directly to Louisiana Recovery School District (“RSD”), which handles all of the food services at Pride. The RSD sends monthly invoices to Pride showing the amount the grant revenue covered and the difference that Pride is obligated to pay. The revenue and offsetting expense incurred by this grant was \$165,940 and \$128,006 for the years ended June 30, 2012 and 2011, respectively.

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

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

Grants receivable make up a significant portion of Pride’s current assets. Pride management has determined these receivables are fully collectible as of June 30, 2012 and 2011, and therefore no allowance for uncollectible accounts has been recorded.

Estimates

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

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, Pride considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

Advertising Expenses

Pride’s accounting policy for with respect to advertising expenses is to expense these costs as incurred. During the years ended June 30, 2012 and 2011, Pride incurred \$9,628 and \$6,947, respectively, in advertising expenses which are included as Advertising on the Statements of Functional Expenses.

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Pride follows the provisions of *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate 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 Pride is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the organization pursuant to such stipulations.
- **Permanently Restricted** - Net assets whose use by Pride is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the organization.

Subsequent Events

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

NOTE 2 - CASH AND CASH EQUIVALENTS

Pride maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ending June 30, 2012 and 2011. At times, the balance may exceed the federally insured amount. Additionally, in accordance with Dodd-Frank Insurance Provision, non-interest bearing transaction accounts are fully insured by FDIC. This provision is effective from December 31, 2010 through December 31, 2012.

NOTE 3 - RETIREMENT PLANS

Substantially all full time employees may be a member of the Pride 401(k) retirement plan. Covered employees may elect to contribute a portion of their salaries to the plan. Pride made additional contributions totaling \$20,964 and \$16,798 to the plan for the years ended June 30, 2012 and 2011, respectively.

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2012 and 2011

NOTE 4 - COMPENSATED ABSENCES

Pride full-time employees, including school support center staff, may earn up to eight (8) days paid time off (PTO) days each year. Two (2) PTO days are provided to employees immediately after they start work, and thereafter employees accrue four (4) hours of PTO every payroll period. PTO hours must be earned before use. These days are to be used in case of illness, to handle personal affairs, or for any other personal reason an employee needs a day off. If an employee starts after the beginning of the school year, personal leave/sick days are pro-rated. Full-time employees that work through the completion of the school year are eligible to receive stipends for unused PTO days at \$50 per unused PTO day. In addition, employees are eligible to receive an end-of-year attendance bonus of \$250 if they miss 2 days or fewer of work. Full time employees who depart prior to completion of the full school year automatically forfeit and will not be reimbursed for any unused PTO days.

NOTE 5 - LINE OF CREDIT

For the year ending June 30, 2011, Pride had available a line of credit (the "Credit Agreement") with Building Hope which provided for borrowings up to \$150,000 at a rate of 4%. Outstanding borrowings under the Credit Agreement are unsecured. The line of credit was closed as of June 30, 2011 and therefore there were no borrowings outstanding on the line of credit as of June 30, 2011.

NOTE 6 - LEASE AGREEMENT

Pride has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the period from July 10, 2009 through June 30, 2012 for the use of Francis W. Gregory Junior High School main buildings, cafeteria, and grounds as school facilities. This lease may be extended for an additional two years ending June 30, 2014 in the event the Louisiana Board of Elementary and Secondary Education extends Pride's contract. RSD has reserved the right to impose rent in subsequent years. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreement, which indicated rent that would have been charged to a nonprofit organization for the rental of the building would total \$52,317 and \$57,792 for the years ended June 30, 2012 and 2011, respectively.

Pride is responsible for the payment of shared services with the RSD such as utilities, janitorial and sanitation, disposal services, nursing services and property taxes at a pro-rata calculation based upon student enrollment at the school.

The lease agreement states the RSD may move Pride at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by Pride, projected enrollment, program specific needs, and community needs. Pride may terminate this agreement upon 30 days notice to relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2012 and 2011

NOTE 6 - LEASE AGREEMENT (CONTINUED)

prior to the end of the specified term in the event Pride fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

As of the date of this report, Pride has entered into a rent-free lease agreement to occupy Mildred Osborne School with the RSD for the period August 1, 2012 to August 1, 2013. This lease may be extended for an additional two years ending August 1, 2014 in the event the Louisiana Board of Elementary and Secondary Education extends Pride's contract. RSD has reserved the right to impose rent in subsequent years.

The new rent agreement contains terms consistent with the aforementioned agreement in regards to Pride's responsibility for shared services and the RSD's termination clauses.

NOTE 7 – OPERATING LEASE AGREEMENT

Pride entered into three (3) operating leases for the rental of two (2) copiers and one (1) three-hole punch unit. Two (2) leases are for thirty-six (36) months while one (1) is for thirty-three (33) months. Rental payments under these leases were \$6,134 and \$6,134 for the year ended June 30, 2012 and 2011, respectively.

Future minimum commitments under all operating lease agreements are as follows:

2013	\$ 545
	<u>\$ 545</u>

NOTE 8 – SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2012 and 2011, Pride received 25% and 32%, respectively, of its total revenue from federal sources; 34% and 29%, respectively, of its total revenue from state public school funds; and 39% and 36%, respectively, of its total revenue from local public school funds.

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2012 and 2011

NOTE 9 – UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require Pride's management to evaluate tax positions taken by Pride and recognize a tax liability if Pride has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Pride's management has analyzed the tax positions taken by Pride, and has concluded that as of June 30, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Pride is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Pride's management believes it is no longer subject to income tax examinations for years prior to 2009.

PERFORMANCE STATISTICAL DATA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pride College Prep Academy
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 Pride College Prep Academy (a nonprofit organization) ("Pride") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Pride 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. Pride is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

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

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
(Schedule K-2)

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

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

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application).

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

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

Public School Staff Data (Schedule K-5)

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

Class Size Characteristics (Schedule K-6)

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

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule K-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 School System.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule 9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School System.

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

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

Finding:

We noted one (1) instance where the employee education level was incorrect. The principal was listed as having a Bachelor's degree per the October 1, 2011 PEP report, but their personnel file indicated they had a Master's degree as of October 1, 2011.

Corrective Action Plan:

Upon further review, the education level of the employee in question was misstated by Pride. As a result, Pride will exercise better attention to detail and employ a checklist when completing PEP reports.

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

Finding:

We noted four (4) instances where the employees' certification numbers were expired per the October 1, 2011 PEP report.

Corrective Action Plan:

Upon further review, the certification numbers listed on the Oct. 1, 2011 PEP report were the only numbers available at the time of submission—the new certification numbers had not yet been posted. In the future, if employees' certification numbers are expired and new numbers are

not yet available, Pride will work with the Louisiana Department of Education for support on reporting the most current information.

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

Finding:

We noted one (1) instance where the employee's years of experience was incorrect. The principal was listed as having six (6) years of experience per the October 1, 2011 PEP report, but their personnel file indicated they had nine (9) years of experience.

Corrective Action Plan:

Upon further review, the years of experience was miscalculated, resulting in incorrect years of experience reported. This was an oversight by Pride. Pride will ensure better attention to detail when completing PEP reports.

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

Finding:

We noted four (4) instances where the employees' certification numbers were expired per the October 1, 2011 PEP report.

Corrective Action Plan:

Upon further review, the certification numbers listed on the Oct. 1, 2011 PEP report were the only numbers available at the time of submission—the new certification numbers had not yet been posted. In the future, if employees' certification numbers are expired and new numbers are not yet available, Pride will work with the Louisiana Department of Education for support on reporting the most current information.

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

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

Carr, Riggs & Ingram, LLC

October 19, 2012

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-1

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

General Fund Instructional and Equipment Expenditures

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 518,163	
Other Instructional Staff Activities	227,574	
Instructional Staff Employee Benefits	166,148	
Purchased Professional and Technical Services	35,993	
Instructional Materials and Supplies	49,438	
Less: Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	\$ 997,316
Other Instructional Activities		29,741
Pupil Support Activities	108,513	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	-	108,513
Instructional Staff Services	6,397	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	-	6,397
School Administration	311,457	
Less: Equipment for School Administration	-	
Net School Administration	-	311,457
Total General Fund Expenditures		1,453,424
Total General Fund Equipment Expenditures		\$ -

Certain Local Revenue Sources:

This section is not applicable.

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-2

**Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2011**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	10.0	91%	3.0	60%	-	-	-	-
Master's Degree	1.0	9%	2.0	40%	1.0	100.0%	1.0	100%
Master's Degree +30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	11.0	100%	5.0	100%	1.0	100%	1.0	100%

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-3

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

Type	2012
	Number
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
Total	1

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

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-4

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

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	1.0	-	-	-	-	1.0
Classroom Teachers	10.0	4.0	2.0	-	-	-	-	16.0
Principals	-	-	1.0	-	-	-	-	1.0
Total	10.0	4.0	4.0	-	-	-	-	18.0

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-5

Public School Staff Data

For the Year Ended June 30, 2012

2012	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$43,135	\$43,135
Average Classroom Teacher's Salary Excluding Extra Compensation	\$43,135	\$43,135
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	17	17

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-6

Class Size Characteristics

As of October 1, 2012

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	3%	2	38%	23	59%	35	-	-
Elementary Activity Classes	-	-	40%	4	60%	6	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
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.

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-7

**Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2012**

Note: Pride College Prep Academy has never had an 8th grade. 2012 was Pride's first year to have a 4th grade.

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4								
Advanced	1	2%	1	2%	-	0%	-	0%
Mastery	5	10%	1	2%	4	8%	2	4%
Basic	14	29%	20	43%	11	23%	19	40%
Approaching Basic	13	28%	10	22%	23	48%	7	15%
Unsatisfactory	15	31%	14	31%	10	21%	20	41%
Total	48	100%	46	100%	48	100%	48	100%

**PRIDE COLLEGE PREP ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule K-9

**Integrated Louisiana Educational Assessment Program (iLEAP)
For the Years Ended June 30, 2012**

Note: Pride College Prep Academy has never had a 5th, 6th, 7th or 9th grade. 2011 was Pride's first year to have a 3rd grade.

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	N/A	N/A	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	N/A	N/A
Basic	N/A	N/A	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	N/A	N/A
Unsatisfactory	N/A	N/A	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	N/A	N/A

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	2%	-	0%	-	0%	-	0%
Mastery	4	9%	1	2%	1	2%	2	4%
Basic	18	40%	22	49%	12	27%	17	38%
Approaching Basic	15	33%	10	22%	25	56%	17	38%
Unsatisfactory	7	16%	12	27%	7	15%	9	20%
Total	45	100%	45	100%	45	100%	45	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	-	0%	-	0%	-	0%	-	0%
Mastery	2	5%	4	10%	2	5%	2	5%
Basic	15	36%	14	33%	14	33%	15	36%
Approaching Basic	16	38%	16	38%	16	38%	15	36%
Unsatisfactory	9	21%	8	19%	10	24%	10	23%
Total	42	100%	42	100%	42	100%	42	100%

**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***

Board of Directors
Pride College Prep Academy
New Orleans, Louisiana

We have audited the financial statements of Pride College Prep Academy (a nonprofit organization) (“Pride”), as of and for the year ended June 30, 2012 and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Pride is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Pride’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pride’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pride’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Carr, Riggs & Ingram, LLC

October 19, 2012

**INDEPENDENT AUDITOR’S 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**

Board of Directors
Pride College Prep Academy
New Orleans, Louisiana

Compliance

We have audited Pride College Prep Academy’s (a nonprofit organization) (“Pride”) 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 Pride’s major federal programs for the year ended June 30, 2012. Pride’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Pride’s management. Our responsibility is to express an opinion on Pride’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pride’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pride’s compliance with those requirements.

In our opinion, Pride complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Pride is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pride's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pride's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Carr, Riggs & Ingram, LLC

October 19, 2012

**PRIDE COLLEGE PREP ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Passed-through LA Dept of Education		
Title I Grants to Local Educational Agencies *	84.010	\$ 201,096
Improving Teacher Quality State Grants	84.367	11,529
School Improvement Grants, Recovery Act *	84.388	278,699
IDEA - Part B - Special Education	84.027	63,065
Education Jobs	84.410	<u>10,719</u>
Total U.S. Department of Education		<u>565,108</u>
<u>U.S. Department of Agriculture</u>		
Passed-Through State Department of Education:		
School Breakfast Program		
Free and Reduced Price Meals	10.553	48,761
National School Lunch Program		
Free and Reduced Price Meals	10.555	<u>117,179</u>
Total U.S. Department of Agriculture		<u>165,940</u>
Total Federal Assistance		<u><u>\$ 731,048</u></u>

* Identified as a major program

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

PRIDE COLLEGE PREP ACADEMY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pride College Prep Academy 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.

**PRIDE COLLEGE PREP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

A. SUMMARY OF AUDITOR’S RESULTS

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

<u>Program Title</u>	<u>CFDA No.</u>
Title I Grants to Local Educational Agencies	84.010
School Improvement Grants	84.388/377

- The threshold for distinguishing between Type A and Type B programs was \$300,000.
- Pride College Prep Academy (a nonprofit organization) did not qualify as a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

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

PRIDE COLLEGE PREP ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2012

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Not applicable

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

Not applicable

SECTION III – MANAGEMENT LETTER

Not applicable.