

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2013

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
FINANCIAL STATEMENTS
June 30, 2013

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FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have audited the accompanying financial statements of Lake Charles Charter Academy Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of June 30, 2013, and the statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 Lake Charles Charter Academy Foundation, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

The Performance and Statistical Data, included as Schedules 1 through 9, is not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

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 30, 2013, on our consideration of the Foundation'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 Foundation's internal control over financial reporting and compliance.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
December 30, 2013

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2013

A S S E T S

	2013
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,533,897
Grants receivable	336,202
Due from related party	478,460
Other receivables	11,545
Prepaid expenses and other current assets	4,596
Total current assets	2,364,700
PROPERTY AND EQUIPMENT, less accumulated depreciation of \$ 431,743	12,375,653
OTHER ASSETS:	
Restricted cash and cash equivalents	1,488,387
Unamortized bond issuance costs and underwriters' discount	553,500
Deposits	15,445
Total other assets	2,057,332
Total assets	\$ 16,797,685

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 38,926
Salaries and wages payable	488,618
Accrued interest payable	51,173
Current portion of bonds payable	80,000
Total current liabilities	658,717
LONG-TERM LIABILITIES:	
Bonds payable, net of unamortized discount	15,048,648
Total liabilities	15,707,365
COMMITMENTS AND CONTINGENCIES (Note 8)	-
NET ASSETS - Unrestricted	1,090,320
Total liabilities and net assets	\$ 16,797,685

The accompanying notes to combined financial statements are an integral part of these statements.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

SUPPORT AND REVENUES:

Support:		
Contributions	\$	36,845
Grants:		
Federal		956,753
Minimum Foundation Program		<u>7,128,381</u>
Total support		<u>8,121,979</u>
Revenues:		
Student lunches		17,383
Before and aftercare fees		49,096
Enrichment program fees		4,000
Other revenue		120,814
Interest income		<u>605</u>
Total revenues		<u>191,898</u>
Total support and revenues		<u>8,313,877</u>

EXPENSES:

Instruction		3,390,460
Support Services:		
Pupil personnel services		178,925
Instructional media services		5,272
Instructional and curriculum development services		15,494
Instructional staff training services		42,186
Instruction related technology		34,200
School board		42,246
School administration		468,924
Fiscal services		1,078,412
Food services		55,736
Central services		4,084
Transportation		102,728
Operation of plant		780,112
Community services		317,035
Interest expense		<u>1,265,946</u>
Total expenses		<u>7,781,760</u>
Change in net assets		532,117
NET ASSETS, beginning of year		<u>558,203</u>
NET ASSETS, end of year	\$	<u><u>1,090,320</u></u>

The accompanying notes to combined financial statements are an integral part of these statements.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 532,117
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for depreciation	444,254
Gain on disposition of property and equipment	(81,650)
Provision for amortization of bond issuance costs	22,884
Provision for amortization of bond discount	14,892
Changes in assets and liabilities:	
Increase in grants receivable	(176,134)
Increase in due from related party	(475,213)
Decrease in other receivables	11,190
Decrease in prepaid expenses and other current assets	113,674
Increase in deposits	(9,551)
Decrease in accounts payable and accrued expenses	(44,108)
Increase in salaries and wages payable	206,589
	206,589
Net cash provided by operating activities	558,944
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for purchase of property and equipment	(3,569,571)
Net cash used in investing activities	(3,569,571)
Net decrease in cash and cash equivalents	(3,010,627)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	
	6,032,911
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	
	\$ 3,022,284
Cash and cash equivalents	\$ 1,533,897
Restricted cash and cash equivalents	1,488,387
	\$ 3,022,284

The accompanying notes to combined financial statements are an integral part of these statements.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

Organization

Lake Charles Charter Academy Foundation, Inc. (the "Foundation"), a Louisiana not-for-profit corporation, was formed on April 5, 2011 exclusively for educational purposes and is comprised of respected leaders in the Lake Charles community that are committed to providing high quality educational options for the citizens of the Calcasieu Parish. Lake Charles Charter Academy (the "School"), a segment of the Foundation, was established as a charter school in May 2011 for students from kindergarten to sixth grade in the Louisiana Parish of Calcasieu. The School expanded to serve students from kindergarten to seventh grade in 2013 and will further expand to serve students from kindergarten to eighth grade in 2014.

Nature of activities

Lake Charles Charter Academy Foundation, Inc. was granted a charter by the Louisiana Board of Elementary and Secondary Education ("BESE") in 2011 to operate a Type 2 public charter school. The current charter is in effect until June 2016 contingent upon the results of the reporting requirements at the end of the third year. Upon the completion of the charter school's fifth year of operations, the charter may be renewed at the discretion of BESE.

The Foundation seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measure pupil progress toward stated goal; and participate in pupil assessment required by law, regulation and BESE policy.

The mission of the Lake Charles Charter Academy Foundation, Inc. is to become a powerful platform of change through the creation of a network of high-performing charter schools that will target traditionally underserved students and ensure that every student realizes their academic and personal potential.

The mission of the School is to provide students with the necessary tools and skills needed to develop superior levels of achievement. The School strives for academic, social and physical excellence by providing a quality and challenging curriculum. The School promotes positive moral and social values, fosters an atmosphere of self-discipline in a safe learning environment, and maximizes individual productivity to meet the needs of a changing global society. The school's students will be able to maximize their potential for successfully actualizing their goals with confidence and intrinsic motivation, thereby enabling each student to become a lifelong learner and strong functional contributor to their local community as well as their global community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

The financial statements presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958, the Reporting Organization is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Foundation are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Revenue recognition:

Revenues from governmental grants are recognized when allowable expenditures are made by the Foundation. Funds received for specific purposes but not yet expended are recorded as unearned revenue.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

The Foundation reports no temporarily restricted or permanently restricted net assets as of June 30, 2013.

Minimum Foundation Program (MFP):

The School, as a Type 2 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at school. The amount of funding received is adjusted during the school year based on October 1st student count and the result of any audits performed.

Cash and cash equivalents:

The Foundation considers all highly liquid or short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation routinely maintains cash balances at financial institutions which exceed federally insured amounts. The Foundation has not experienced any losses and does not believe that a significant credit risk exists as a result of this practice.

Restricted cash and cash equivalents:

At June 30, 2013, restricted cash and cash equivalents include escrow balances restricted for debt service (Note 6) and other activities as follows:

Series 2011A & B Debt		
Service Reserve Fund	\$	1,390,105
Series 2011 A & B Project Fund		60,862
Series 2011 A & B Proceeds Fund		37,420
Total restricted cash and cash equivalents	\$	1,488,387

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment:

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements, and other major renewals that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related assets. Other costs incurred for repairs and maintenance are charged to expense as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings	45 years
Furniture and equipment	5 years
Computer equipment	3 years

Prepaid expenses:

Certain payments reflect costs applicable to services for a future accounting period and are recorded as prepaid expenses in the accompanying financial statements.

Bond issuance costs and provision for amortization:

The Foundation incurred certain costs in connection with the issuance of its bonds. These costs have been capitalized for financial reporting purposes and are amortized over the term of the bonds on a straight-line basis.

Total provision for amortization was \$ 22,884 for the year ended June 30, 2013.

Unearned revenue:

Unearned revenue is recorded in connection with resources that have been received, but not yet earned.

Functional allocation of expenses:

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying statement of activities.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of management's review:

Subsequent events have been evaluated through December 30, 2013, which is the date the financial statements were issued.

NOTE 3 - GRANTS RECEIVABLE

As of June 30, 2013, grants receivable consisted of amounts due from the following sources:

Grants	Amount
Title I	\$ 179,730
Title II	28,065
IDEA	128,407
	\$ 336,202

NOTE 4 - DUE FROM RELATED PARTY

The Foundation and Southwest Louisiana Charter Academy Foundation, Inc. ("SLCAF") are related, as they share common board membership. During the year, the Foundation sold assets to SLCAF in the amount of \$ 537,422. In addition, the Foundation owes SLCAF for funding relating to the National School Lunch program. As of June 30, 2013, the financial statements include a net amount due to the Foundation in the amount of \$ 478,460, representing the balance of the transactions described above.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment balances and activity for the year ended June 30, 2013, are as follows:

Land	\$ 1,254,128
Building	10,465,714
Furniture, fixtures and equipment	514,264
Computer equipment and software	573,290
	12,807,396
Less: accumulated depreciation	(431,743)
Property and equipment, net	\$ 12,375,653

Depreciation expense for the year ended June 30, 2013 totaled \$ 444,254.

If certain governmental funding is used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 - BONDS PAYABLE

a. Summary of Bonds Payable

Bonds payable at June 30, 2013 is comprised of the following bond issues:

\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A; due in semi-annual installments beginning June 2016 through December 2041; interest payable semiannually at rates that range from 7.75% to 8.00%.	\$ 15,175,000
\$ 340,000 Taxable Educational Facilities Revenue Bonds, Series 2011B; due in semi-annual installments beginning June 2014 through December 2015; interest payable semiannually at a fixed rate of 8.00%.	340,000
Less unamortized bond discount	<u>(386,352)</u>
	<u>\$ 15,128,648</u>

The following is a summary of changes in bonds payable for the year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013	Due Within One Year
Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A	\$ 15,175,000	\$ -	\$ -	\$ 15,175,000	\$ -
Taxable Educational Facilities Revenue Bonds, Series 2011B	340,000	-	-	340,000	80,000
Discount on Series 2011A and 2011B Bonds	<u>(401,244)</u>	<u>-</u>	<u>14,892</u>	<u>(386,352)</u>	<u>-</u>
	<u>\$ 15,113,756</u>	<u>\$ -</u>	<u>\$ 14,892</u>	<u>\$ 15,128,648</u>	<u>\$ 80,000</u>

b. Summary of Significant Bonds Terms

\$ 15,175,000 Tax-Exempt Educational Facilities Revenue Bonds, Series 2011A - Series 2011A tax-exempt bonds are for the purpose of (i) financing the acquisition, construction and equipping of certain charter school facilities, (ii) paying capitalized interest, (iii) funding a reserve fund, and (iv) paying a portion of the costs of issuance of the Series 2011A bonds. The bonds are payable in semi-annual principal installments beginning June 2016 through December 2041. Interest ranging from 7.75% to 8.00% is payable semiannually on the fifteenth day of June and December.

The bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The bonds are not subject to a premium at optional redemption after December 15, 2021.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 - BONDS PAYABLE (continued)

\$ 340,000 Taxable Educational Facilities Revenue Bonds, Series 2011B - Series 2011B taxable bonds are for the purpose of (i) paying capitalized interest, (ii) funding a deposit to the reserve fund and (iii) paying costs of issuance of the bond. The bonds are payable in semi-annual principal installments commencing in June 2014 through December 2015. Interest at 8.00% is payable semiannually on the fifteenth day of June and December.

The bonds are subject to mandatory redemption at a redemption price equal to the principal amount plus accrued interest to the redemption date subject to certain events as outlined in the bond indenture. The bonds are not subject to optional redemption prior to maturity.

The annual debt service requirement for the Series 2011A Educational Facilities Revenue Bonds consists of:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 1,200,962	\$ 1,200,962
2015	-	1,200,962	1,200,962
2016	85,000	1,200,962	1,285,962
2017	180,000	1,190,887	1,370,887
2018	195,000	1,176,744	1,371,744
2019-2023	1,230,000	5,627,194	6,857,194
2024-2028	1,795,000	5,058,344	6,853,344
2029-2033	2,625,000	4,227,038	6,852,038
2034-2038	3,885,000	2,976,200	6,861,200
2039-2041	5,180,000	1,019,000	6,199,000
	<u>\$ 15,175,000</u>	<u>\$ 24,878,293</u>	<u>\$ 40,053,293</u>

The annual requirements for the Series 2011B Educational Facilities Revenue Bonds consists of:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 80,000	\$ 27,200	\$ 107,200
2015	170,000	17,400	187,400
2016	90,000	3,600	93,600
	<u>\$ 340,000</u>	<u>\$ 48,200</u>	<u>\$ 388,200</u>

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 6 - BONDS PAYABLE (continued)

The trust indenture requires reserve funds equal to \$ 1,389,963 for both the Series 2011A and B bonds. As of June 30, 2013, the reserve fund account balance was sufficient to satisfy this requirement. The trust indenture also contains a financial covenant which is as follows:

Covenant	Requirement	Calculated
Long-term debt service coverage ratio	At least 1.10	1.62

Commencing with the fiscal year ending June 30, 2014, the Foundation must meet a long-term debt service coverage ratio of 1.25 to 1.00 for the Series 2011 Bonds .

In order to secure the payment in full of the bonds and to secure the performance by the Foundation to all covenants, the Organization grants the Louisiana Public Facilities Authority (the "Authority") a security interest in substantially all their property and equipment. The Foundation also pledges to the Authority a security interest in all revenues, as well as the right, title and interest in the escrow accounts.

NOTE 7 - INCOME TAXES

Lake Charles Charter Academy Foundation, Inc. is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Management agreements:

The School has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. CSUSA shall be entitled to retain as compensation for its services rendered pursuant to this agreement the difference, if any, between the amount of the charter school's revenues and the amount of revenues actually expended by CSUSA in operation and/or management of the charter school during its fiscal year (the "Fee") in accordance with the approved budget. The approved budget will include a projected management fee. Fees in excess of the projected fee require board approval.

For the year ended June 30, 2013, the amount of compensation received by CSUSA was \$ 1,047,982 which represents compensation for operating the School as well as the before and aftercare program.

At June 30, 2013, the School's accounts payable balance has an amount payable to CSUSA for \$ 29,442 which is for invoiced services.

Post-retirement benefits:

The School does not provide post-retirement benefits to retired employees.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 – EMPLOYEE BENEFIT PLAN

During the year ended June 30, 2013, the School offered all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 20% of their annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 3,918 for the year ended June 30, 2013.

NOTE 10 – SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Cash Flow information:

	<u>2013</u>
Cash received during the year for - Interest income	\$ 605
Cash paid during the year for - Interest expense	\$ 1,228,172

SUPPLEMENTAL INFORMATION

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME:				
U.S. Department of Agriculture -				
Passed through the Louisiana Department of Agriculture -				
National School Lunch Program	*	10.555	\$ 215,353	\$ -
National School Breakfast Program	*	10.553	<u>45,464</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>260,817</u>	<u>-</u>
U.S. Department of Education -				
Passed through the Louisiana Department of Education -				
Title I Grants to Local Educational Agencies	*	84.010	325,373	-
Charter School Grant		84.282	120,000	-
Improving Teacher Quality		84.367	43,625	-
Special Education - Grants to States		84.027	205,136	-
Special Education - Preschool Grants		84.173	<u>1,802</u>	<u>-</u>
Total U.S. Department of Education			<u>695,936</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 956,753</u>	<u>\$ -</u>

* Denotes a major program.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of Lake Charles Charter Academy Foundation, Inc. and is presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 – CONTINGENCY

The grants and contracts revenue received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Foundation. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal, state and local laws and regulations.

INTERNAL CONTROLS AND COMPLIANCE



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

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, 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 Lake Charles Charter Academy Foundation, Inc. (a not-for-profit organization) (the "Foundation") which comprise the statement of financial position as of June 30, 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 30, 2013.

Internal Control Over Financial Reporting

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

Lake Charles Charter Academy Foundation, Inc.

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

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
December 30, 2013



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Lake Charles Charter Academy Foundation, Inc.'s (a not-for-profit organization) (the "Foundation") 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 Foundation's major Federal programs for the year ended June 30, 2013. The Foundation's major Federal program is identified in the summary of auditors' 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 Foundation'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 Foundation'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 Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation 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 for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Foundation 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 Foundation'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 Foundation'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. 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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
December 30, 2013

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2013

2012-01 Formal Year-End Closing Schedule

Condition:

In the course of our examination of the financial statements and trial balance we noted the trial balance contains balances used to facilitate reporting on different accounting basis. If an adjusting schedule is not provided the potential exists that a financial statement misstatement will not be prevented, or detected and corrected on a timely basis.

Recommendation:

It is recommended that the Foundation maintain a separate trial balance for each basis of accounting for which the Foundation is required to report. The Foundation should communicate the usage of the different trial balances to ensure a proper understanding of the accounts has been achieved.

Current status:

Management evaluated the benefit of maintaining separate trial balances for each basis of accounting for which the Foundation is required to report. The trial balance was designed to include all balances related to the Foundation, regardless of the basis of accounting to be used. Controls are in place to monitor, review, detect and prevent accounts from being improperly included or excluded from the financial statements. These controls include dual review of all financial statements, dual review of all trial balance accounts, dual review of all balance sheet reconciliations, variance analysis and reconciliations of the reports prepared under different accounting basis. These controls ensure the production of accurate internally prepared financial statements. No similar findings were noted in the 2013 audit.

2012-02 Noncompliance with Public Bid Law

Condition:

During the time period under audit it was determined that the Foundation purchased equipment that exceeded \$ 30,000 without obtaining competitive bids as required by law. Additionally, the Foundation did not seek competitive bids regarding the construction of the Foundation's facility as required by law.

Recommendation:

Management should consult with the Foundation's legal advisor and the Louisiana Attorney General. Management should review the Foundation's purchasing procedures to ensure compliance with the public bid law.

Current status:

Management reviewed Louisiana public bid laws and made necessary changes to the Foundation's purchasing policies and procedures to ensure compliance with public bid laws. No similar findings were noted in the 2013 audit.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Lake Charles Charter Academy Foundation, Inc.
2. No material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Lake Charles Charter Academy Foundation, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal program is reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditors' report on compliance for the major Federal award programs for Lake Charles Charter Academy Foundation, Inc. expresses an unmodified opinion on all major Federal programs.
6. There are no audit findings relative to the major Federal programs for Lake Charles Charter Academy Foundation, Inc. reported in Part C of this schedule.
7. The programs tested as a major program are as follows:

<u>Federal Program</u>	<u>CFDA No.</u>
U.S. Department of Agriculture – National School Lunch Program	10.555
National School Breakfast Program	10.553
U.S. Department of Education – Title I Grants to Local Educational Agencies	84.010

8. The threshold for distinguishing Types A and B programs was \$ 300,000.
9. Lake Charles Charter Academy Foundation, Inc. was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No matters were reported.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS AUDITS

No matters were reported.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013
(continued)

D. OTHER ISSUES

1. No management letter is required because there were no findings required to be reported in a separate management letter.
2. Schedule of prior audit findings can be found on page 20; however, there were no prior audit findings related to Federal programs.
3. No corrective action plan is required because there were no findings reported under OMB Circular A-133 Act.

**SCHEDULES REQUIRED BY STATE LAW
(LA R.S. 24:524 – PERFORMANCE
AND STATISTICAL DATA)**



INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees
Lake Charles Charter Academy Foundation, Inc.
Lake Charles, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Lake Charles Charter Academy Foundation, Inc. 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 statement of Lake Charles Charter Academy Foundation, Inc. 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. Lake Charles Charter Academy Foundation, Inc. is responsible for the performance of statistical data. This agreed-upon procedure engagement was performed in accordance with 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 related to the accompanying schedules of supplemental information 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 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.

No exceptions noted.

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 1.
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 this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1 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.

No exceptions 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.

No exceptions 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 1 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.

No exceptions noted.

Public School Staff Data: Average Salaries (Schedule 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 if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No exceptions noted.

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

No exceptions noted.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and 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 roll books for those classes and determined if the class was properly classified on the schedule.

No exceptions noted.

Lake Charles Charter Academy Foundation, Inc.

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 Lake Charles Charter Academy Foundation, Inc.

No exceptions noted.

The Graduation Exit Exam (GEE) (Schedule 8)

11. Information is not applicable for 2013, and is shown for historical purposes.

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 the scores reported in the schedule by Lake Charles Charter Academy Foundation, Inc.

No exceptions 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 information and use of management of Lake Charles Charter Academy Foundation, Inc., 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.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
December 30, 2013

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
For the Year Ended June 30, 2013

SCHEDULE 1

GENERAL FUND INSTRUCTIONAL
AND EQUIPMENT EXPENDITURES:

General Fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 1,808,926	
Other instructional staff activities	206,195	
Instructional staff employee benefits	283,194	
Purchased professional and technical services	28,500	
Instructional materials and supplies	70,441	
Instructional equipment	<u>1,133,664</u>	

Total teacher and student interaction activities		\$ 3,530,920
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Other instructional activities		-
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Pupil support activities	101,632	
Less: equipment for pupil support activities	<u>-</u>	

Net pupil support activities		101,632
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Instructional staff services	48,307	
Less: equipment for instructional staff services	<u>-</u>	

Net instructional staff services		48,307
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School administration	480,126	
Less: equipment for school administration	<u>-</u>	

Net school administration		<u>480,126</u>
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Total General Fund instructional expenditures		<u>\$ 4,160,985</u>
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Total General Fund equipment expenditures		<u><u>\$ -</u></u>
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See independent accountants' report on applying agreed-upon procedures.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
 GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
 AND CERTAIN LOCAL REVENUE SOURCES
 (continued)

For the Year Ended June 30, 2013

SCHEDULE 1

CERTAIN LOCAL REVENUE SOURCES:

Local taxation revenue:

Constitutional ad valorem taxes	\$	-
Renewable ad valorem tax		-
Debt services ad valorem tax		-
Up to 1% of collections by the sheriff on taxes other than school taxes		-
Result of court ordered settlement (ad valorem)		-
Penalties/interest on ad valorem taxes		-
Taxes collected due to tax incremental financing (TIF) (ad valorem)		-
Sales and use taxes		-
		<hr style="border-top: 1px solid black;"/>
Total local taxation revenue	\$	<hr style="border-top: 1px solid black;"/> -

Local earnings on investment in real property:

Earnings from 16th Section property	\$	-
Earnings from other real property		-
		<hr style="border-top: 1px solid black;"/>
Total local earnings on investment in real property	\$	<hr style="border-top: 1px solid black;"/> -

State revenue in lieu of taxes:

Revenue sharing - constitutional tax	\$	-
Revenue sharing - other taxes		-
Revenue sharing - excess portion		-
Other revenue in lieu of taxes		-
		<hr style="border-top: 1px solid black;"/>
Total state revenue in lieu of taxes	\$	<hr style="border-top: 1px solid black;"/> -

Nonpublic textbook revenue	\$	<hr style="border-top: 1px solid black;"/> -
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Nonpublic transportation revenue	\$	<hr style="border-top: 1px solid black;"/> -
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See independent accountants' report on applying agreed-upon procedures.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
 EDUCATION LEVELS OF PUBLIC SCHOOL STAFF
 As of October 1, 2012

SCHEDULE 2

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	21	51%	5	83%	-	-	-	-
Master's Degree	14	34%	1	17%	-	-	-	-
Master's Degree +30	6	15%	-	-	1	50%	-	-
Specialist in Education	-	-	-	-	-	-	-	-
PhD or EdD	-	-	-	-	1	50%	-	-
Total	41	100%	6	100%	2	100%	-	-

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

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
NUMBER AND TYPE OF PUBLIC SCHOOLS
For the Year Ended June 30, 2013

SCHEDULE 3

<u>Type</u>	<u>Number</u>
Elementary	1
Middle/Junior High	1
Secondary	-
Combination	-
	<hr/>
Total	2
	<hr/> <hr/>

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

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

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
 EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT PRINCIPALS
 AND FULL-TIME CLASSROOM TEACHERS
 As of October 1, 2012

SCHEDULE 4

	0-1 Years	2-3 Years	4-10 Years	11-14 Years	15-19 Years	20-24 Years	25+ Years	Total
Assistant principals	-	-	1	-	-	-	-	1
Principals	-	-	-	-	-	-	1	1
Classroom teachers	14	5	13	4	2	-	9	47
Total	14	5	14	4	2	-	10	49

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

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
PUBLIC SCHOOL STAFF DATA - AVERAGE SALARIES
For the Year Ended June 30, 2013

SCHEDULE 5

	<u>All Classroom Teachers</u>	<u>Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged Salary Reductions</u>
Average classroom teacher's salary including extra compensation	\$ <u>36,312</u>	\$ <u>36,312</u>
Average classroom teacher's salary excluding extra compensation	\$ <u>35,808</u>	\$ <u>35,808</u>
Number of teacher full-time equivalents (FTE's) used in computation of average salaries	<u>52</u>	<u>52</u>

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.

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
 CLASS SIZE CHARACTERISTICS
 As of October 1, 2012

SCHEDULE 6

	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
SCHOOL TYPE:								
Elementary	100%	4	100%	20	-	-	-	-
Elementary/activity classes	-	-	-	-	-	-	-	-
Middle/Junior High	-	-	-	-	100%	8	-	-
Middle/Junior High activity classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High activity classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination activity classes	-	-	-	-	-	-	-	-
Total	<u>100%</u>	<u>4</u>	<u>100%</u>	<u>20</u>	<u>100%</u>	<u>8</u>	<u>-</u>	<u>-</u>

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 kindergarten through 3 is 26 students and maximum enrollment in grades 4 through 12 is 33 students. These limits does 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.

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

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)
For the Year Ended June 30, 2013

SCHEDULE 7

District Achievement Level Results Students	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4:												
Advanced	4	4%	1	1%	-	-	5	5%	5	5%	-	-
Mastery	25	26%	21	21%	-	-	22	23%	21	21%	-	-
Basic	48	51%	57	57%	-	-	42	45%	46	46%	-	-
Approaching basic	13	14%	16	16%	-	-	18	19%	23	23%	-	-
Unsatisfactory	5	5%	5	5%	-	-	8	8%	5	5%	-	-
Total	95	100%	100	100%	-	-	95	100%	100	100%	-	-

District Achievement Level Results Students	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4:												
Advanced	4	4%	1	1%	-	-	-	-	-	-	-	-
Mastery	13	14%	7	7%	-	-	10	11%	5	5%	-	-
Basic	43	46%	53	53%	-	-	54	57%	60	60%	-	-
Approaching basic	27	28%	30	30%	-	-	22	23%	22	22%	-	-
Unsatisfactory	8	8%	9	9%	-	-	9	9%	13	13%	-	-
Total	95	100%	100	100%	-	-	95	100%	100	100%	-	-

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

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
GRADUATION EXIT EXAMINATION (GEE)
For the Year Ended June 30, 2012

SCHEDULE 8

District Achievement Level Results Students	English Language Arts				Mathematics			
	2013		2012		2013		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10:								
Advanced	-	-	-	-	-	-	-	-
Mastery	-	-	NOT APPLICABLE		-	-	-	-
Basic	-	-	-	-	-	-	-	-
Approaching basic	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

District Achievement Level Results Students	Science				Social Studies			
	2013		2012		2013		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11:								
Advanced	-	-	-	-	-	-	-	-
Mastery	-	-	NOT APPLICABLE		-	-	-	-
Basic	-	-	-	-	-	-	-	-
Approaching basic	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

NOTE: This schedule is not applicable to either grade for 2013. Information is shown for historical purposes.

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

LAKE CHARLES CHARTER ACADEMY FOUNDATION, INC.
iLEAP TESTS
For the Year Ended June 30, 2013

SCHEDULE 9

District Achievement Level Results Students	English Language Arts 2013		Mathematics 2013		Science 2013		Social Studies 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3:								
Advanced	2	2%	7	8%	4	5%	1	1%
Mastery	24	27%	23	26%	12	14%	13	15%
Basic	48	55%	44	50%	44	49%	43	49%
Approaching basic	11	13%	11	13%	21	24%	21	25%
Unsatisfactory	3	3%	3	3%	7	8%	9	10%
Total	88	100%	88	100%	88	100%	87	100%
Grade 5:								
Advanced	3	3%	7	8%	1	1%	-	-
Mastery	10	11%	12	13%	10	11%	8	9%
Basic	51	57%	48	54%	54	61%	49	54%
Approaching basic	20	22%	19	21%	22	24%	23	26%
Unsatisfactory	6	7%	4	4%	3	3%	10	11%
Total	90	100%	90	100%	90	100%	90	100%
Grade 6:								
Advanced	-	-	1	1%	1	1%	2	2%
Mastery	7	8%	6	7%	8	9%	5	5%
Basic	54	59%	43	47%	45	49%	45	50%
Approaching basic	26	29%	24	26%	29	32%	25	28%
Unsatisfactory	4	4%	17	19%	8	9%	14	15%
Total	91	100%	91	100%	91	100%	91	100%
Grade 7:								
Advanced	3	3%	2	2%	2	2%	1	1%
Mastery	17	18%	7	7%	9	9%	11	11%
Basic	50	51%	44	45%	45	47%	62	65%
Approaching basic	25	26%	26	27%	37	38%	15	15%
Unsatisfactory	2	2%	18	19%	4	4%	8	8%
Total	97	100%	97	100%	97	100%	97	100%

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