

**SOUTHWEST LOUISIANA CHARTER ACADEMY
FOUNDATION, INC.**

FINANCIAL STATEMENTS

June 30, 2013

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.
FINANCIAL STATEMENTS
June 30, 2013

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FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Southwest Louisiana 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 Southwest Louisiana 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 Matter

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 Accountant’s Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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 13, 2013

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2013

A S S E T S

CURRENT ASSETS:	
Cash and cash equivalents	\$ 872,908
Due from management company	6,167
Grants receivable	129,816
Other receivables	3,105
Prepaid expenses and other current assets	<u>40,592</u>
Total current assets	<u>1,052,588</u>
PROPERTY AND EQUIPMENT, less accumulated depreciation of \$ 157,305	
	<u>501,887</u>
OTHER ASSETS:	
Deposits	<u>40,032</u>
Total other assets	<u>40,032</u>
Total assets	<u>\$ 1,594,507</u>

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	\$ 152,375
Salaries and wages payable	362,852
Due to related party	478,731
Other liabilities	<u>4,582</u>
Total current liabilities	<u>998,540</u>
Total liabilities	<u>998,540</u>
COMMITMENTS (NOTE 7)	
	-
NET ASSETS - Unrestricted	
	<u>595,967</u>
Total liabilities and net assets	<u>\$ 1,594,507</u>

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

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

SUPPORT AND REVENUES:

Support:

Grants:

Federal	\$ 433,589
Minimum Foundation Program	<u>5,073,645</u>

Total support	<u>5,507,234</u>
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Revenues:

Student lunches	17,073
Before and aftercare fees	40,897
Other revenue	<u>27,919</u>

Total revenues	<u>85,889</u>
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Total support and revenues	<u>5,593,123</u>
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EXPENSES:

Instruction	2,634,569
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Support services:

Pupil personnel services	305,604
Instructional media services	14,987
Instruction related technology	24,379
Instructional staff training services	32,894
School board	4,582
School administration	254,280
Fiscal services	692,515
Food services	258,599
Central services	6,644
Transportation	66,814
Operation of plant	657,532
Community services	<u>43,757</u>

Total expenses	<u>4,997,156</u>
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Change in net assets	595,967
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NET ASSETS, beginning of year	<u>-</u>
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NET ASSETS, end of year	<u>\$ 595,967</u>
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The accompanying notes to combined financial statements are an integral part of these statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 595,967
Provision for depreciation	157,305
Changes in assets and liabilities:	
Increase in due from management company	(6,167)
Increase in grants receivable	(129,816)
Increase in other receivables	(3,105)
Increase in prepaid expenses and other assets	(40,592)
Increase in deposits	(40,032)
Increase in accounts payable	152,375
Increase in salaries and wages payable	362,852
Increase in due to related party	478,731
Increase in other liabilities	4,582
	<u>1,532,100</u>
Net cash provided by operating activities	<u>1,532,100</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for purchase of property and equipment	<u>(659,192)</u>
Net cash used in investing activities	<u>(659,192)</u>
Increase in cash and cash equivalents	872,908
CASH AND CASH EQUIVALENTS, beginning of year	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 872,908</u>

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

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

Organization

Southwest Louisiana Charter Academy Foundation, Inc. (the "Foundation"), a Louisiana not-for-profit corporation, was formed on April 19, 2012 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. Southwest Louisiana Charter Academy (the "School"), a segment of the Foundation, was established as a charter school in July 2012 for students from kindergarten to sixth grade in the Louisiana Parish of Calcasieu. The School will expand to serve students from kindergarten to seventh grade in the second year of operations and further expand to serve students from kindergarten to eighth grade in the third year of operations.

Nature of activities

Southwest Louisiana Charter Academy Foundation, Inc. was granted a charter by the Louisiana Board of Elementary and Secondary Education ("BESE") in 2012 to operate a Type 2 public charter school. The current charter is in effect until June 2016 and may be extended for a maximum initial term of five years. 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 Southwest Louisiana 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 ensure that each student actualizes their potential to become a self-motivated life-long learner, a responsible citizen, and a productive member of the global 21st century workforce, by ensuring that each graduating student is prepared to enter, compete, and succeed in secondary and post-secondary educational opportunities and careers of choice.

The School will implement its mission through creating a learning environment of student safety and success that incorporates individualized, research-based instruction, integrated character education, project-based learning opportunities, and community engagement.

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.

SOUTHWEST LOUISIANA 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.

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.

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Furniture and equipment	5 years
Computer equipment and software	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.

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.

Date of management's review:

Subsequent events have been evaluated through December 13, 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	\$ 98,046
Title II	31,770
	\$ 129,816

All amounts listed above are considered fully collectible.

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2013:

Furniture, fixtures and equipment	\$ 392,714
Computer equipment and software	<u>266,478</u>
	659,192
Less: accumulated depreciation	<u>(157,305)</u>
Property and equipment, net	<u>\$ 501,887</u>

Depreciation expense for the year ended June 30, 2013 totaled \$ 157,305.

NOTE 5 - DUE TO RELATED PARTY

The Foundation and Lake Charles Charter Academy Foundation, Inc. ("LCCAF") are related, as they share common board membership. During the year, the Foundation purchased assets from LCCAF in the amount of \$ 537,422. In addition, LCCAF owes the Foundation for funding relating to the National School Lunch program. As of June 30, 2013, the financial statements include a net amount due to LCCAF in the amount of \$ 478,731, representing the balance of the transactions described above.

NOTE 6 - INCOME TAXES

Southwest Louisiana 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 7 - COMMITMENTS

Management agreement:

The Foundation has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA shall be entitled to a management fee for its services. The management fee is 15% of revenues which shall be set forth within the approved annual budget or a lesser percentage if, as otherwise agreed to, by CSUSA.

For the year ended June 30, 2013, the amount of compensation received by CSUSA was \$ 499,410 which represents compensation for operating the School as well as the aftercare program.

At June 30, 2013, the financial statements reflect a due from management company of \$ 6,167.

Also, at June 30, 2013, the Foundation's accounts payable balance has an amount payable to CSUSA for \$ 26,551 which is for other invoiced services.

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 – COMMITMENTS (continued)

Lease agreement:

The Foundation entered into a noncancellable operating lease for use of its premises through June 2013. The lease requires monthly payments of \$ 30,000. The lease may be extended in yearly increments. For the year ended June 30, 2013, the Foundation paid \$ 330,000 in rent.

The Foundation extended the lease through June 30, 2014. The lease requires monthly payments of \$ 35,000. The Foundation reserves the right of first option to purchase the property with a signed agreement to purchase no later than June 30, 2014. The sales price will be a mutually agreed upon amount at that time. The twelve-month lease total of \$ 420,000 (July 1, 2013 through June 30, 2014) will be applied to the principal if an agreement is reached.

Post-retirement benefits:

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

NOTE 8 – 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 \$ 1,841 for the year ended June 30, 2013.

NOTE 9 – SUBSEQUENT EVENT

The Foundation is projecting to participate in an agreement with the Louisiana Public Facilities Authority (the “Corporation”) to provide funds for the construction of the facilities for the School as well as other related costs.

The transaction is planned to be financed principally through the issuance of Education Facilities Revenue Bonds, Series 2013A (tax-exempt bonds) and Series 2013B (taxable bonds) in the principal amounts of \$ 17,155,000 and \$ 260,000, respectively.

The annual payment requirements for principal and interest are based on 8.00% on the taxable bonds and rates ranging between 6.375% and 8.375% for the tax-exempt bonds. Debt service requirements to amortize the bonds vary in amount from approximately \$ 1,396,100 to \$ 1,580,600 through June 2043 with a final payment of approximately \$ 2,370,300 due June 2044. Interest expense incurred for the School’s facility is expected to be capitalized during the construction phase for the year ended June 30, 2014 in the amount of approximately \$ 791,100.

The bonds are to be paid from the revenues generated by the School.

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
Southwest Louisiana 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 Southwest Louisiana 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 13, 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*.

Southwest Louisiana 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 13, 2013

**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
Southwest Louisiana 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 Southwest Louisiana 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 Southwest Louisiana 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. Southwest Louisiana Charter Academy Foundation, Inc. is responsible for the performance of statistical data. This agreed-upon procedures 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.

Southwest Louisiana 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 Southwest Louisiana 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 Southwest Louisiana 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 Southwest Louisiana 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 13, 2013

SOUTHWEST LOUISIANA 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	\$ 1,461,059	
Other instructional staff activities	164,064	
Instructional staff employee benefits	194,492	
Purchased professional and technical services	23,684	
Instructional materials and supplies	338,759	
Instructional equipment	<u>612,411</u>	

Total teacher and student interaction activities		\$ 2,794,469
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Other instructional activities		-
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Pupil support activities	109,754	
Less: equipment for pupil support activities	<u>-</u>	

Net pupil support activities		109,754
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Instructional staff services	514	
Less: equipment for instructional staff services	<u>-</u>	

Net instructional staff services		514
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School administration	207,188	
Less: equipment for school administration	<u>-</u>	

Net school administration		<u>207,188</u>
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Total General Fund instructional expenditures		\$ <u><u>3,111,925</u></u>
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Total General Fund equipment expenditures		\$ <u><u>-</u></u>
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See individual accountants' report on applying agreed-upon procedures.

SOUTHWEST LOUISIANA 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	-
Total local taxation revenue	\$ <u>-</u>
Local earnings on investment in real property:	
Earnings from 16th Section property	-
Earnings from other real property	-
Total local earnings on investment in real property	\$ <u>-</u>
State revenue in lieu of taxes:	
Revenue sharing - constitutional tax	\$ -
Revenue sharing - other taxes	-
Revenue sharing - excess portion	-
Other revenue in lieu of taxes	-
Total state revenue in lieu of taxes	\$ <u>-</u>
Nonpublic textbook revenue	\$ <u>-</u>
Nonpublic transportation revenue	\$ <u>-</u>

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

SOUTHWEST LOUISIANA 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	17	53%	4	57%	-	-	-	-
Master's Degree	11	34%	3	43%	-	-	-	-
Master's Degree +30	4	13%	-	-	-	-	-	-
Specialist in Education	-	-	-	-	1	50%	-	-
PhD or EdD	-	-	-	-	1	50%	-	-
Total	32	100%	7	100%	2	100%	-	-

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

SOUTHWEST LOUISIANA 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 individual accountants' report on applying agreed-upon procedures.

SOUTHWEST LOUISIANA 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	16	8	7	2	-	1	5	39
Total	16	8	8	2	-	1	6	41

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

SOUTHWEST LOUISIANA 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 teachers' salary including extra compensation	\$ <u>27,228</u>	\$ <u>27,228</u>
Average classroom teachers' salary excluding extra compensation	\$ <u>26,972</u>	\$ <u>26,972</u>
Number of teacher full-time equivalents (FTE's) used in computation of average salaries	<u>49</u>	<u>49</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 individual accountants' report on applying agreed-upon procedures.

SOUTHWEST LOUISIANA 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	82%	14	100%	12	-	-	-	-
Elementary/activity classes	-	-	-	-	-	-	-	-
Middle/Junior High	18%	3	-	-	-	-	-	-
Middle/Junior High activity classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High activity classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination activity classes	-	-	-	-	-	-	-	-
Total	<u>100%</u>	<u>17</u>	<u>100%</u>	<u>12</u>	<u>-</u>	<u>-</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 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.

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

SOUTHWEST LOUISIANA 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	1	2%	-	-	-	-	1	1%	-	-	-	-
Mastery	15	23%	-	-	-	-	10	15%	-	-	-	-
Basic	26	39%	-	-	-	-	27	41%	-	-	-	-
Approaching basic	16	24%	-	-	-	-	13	20%	-	-	-	-
Unsatisfactory	8	12%	-	-	-	-	15	23%	-	-	-	-
Total	66	100%	-	-	-	-	66	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	2	3%	-	-	-	-	-	-	-	-	-	-
Mastery	8	12%	-	-	-	-	5	8%	-	-	-	-
Basic	28	42%	-	-	-	-	32	48%	-	-	-	-
Approaching basic	17	26%	-	-	-	-	16	24%	-	-	-	-
Unsatisfactory	11	17%	-	-	-	-	13	20%	-	-	-	-
Total	66	100%	-	-	-	-	66	100%	-	-	-	-

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 8:												
Advanced	-	-	-	-	-	-	-	-	-	-	-	-
Mastery	-	-	-	-	-	-	-	-	-	-	-	-
Basic	-	-	-	-	-	-	-	-	-	-	-	-
Approaching basic	-	-	-	-	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

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 8:												
Advanced	-	-	-	-	-	-	-	-	-	-	-	-
Mastery	-	-	-	-	-	-	-	-	-	-	-	-
Basic	-	-	-	-	-	-	-	-	-	-	-	-
Approaching basic	-	-	-	-	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-						

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

SOUTHWEST LOUISIANA CHARTER ACADEMY FOUNDATION, INC.

iLEAP TESTS

For the Year Ended June 30, 2013

SCHEDULE 9

District Achievement Level Results Students	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3:								
Advanced	1	2%	-	-	2	3%	-	-
Mastery	18	28%	8	12%	4	6%	6	9%
Basic	29	45%	42	66%	36	56%	34	53%
Approaching basic	11	17%	13	20%	17	27%	16	25%
Unsatisfactory	5	8%	1	2%	5	8%	8	13%
Total	64	100%	64	100%	64	100%	64	100%
Grade 5:								
Advanced	2	5%	-	-	1	2%	2	4%
Mastery	8	16%	8	17%	4	8%	2	4%
Basic	28	57%	27	55%	23	47%	24	49%
Approaching basic	10	20%	8	16%	19	39%	13	27%
Unsatisfactory	1	2%	6	12%	2	4%	8	16%
Total	49	100%	49	100%	49	100%	49	100%
Grade 6:								
Advanced	2	3%	4	6%	1	1%	5	7%
Mastery	9	13%	10	15%	11	17%	5	7%
Basic	44	65%	37	54%	28	41%	32	47%
Approaching basic	12	18%	12	18%	24	35%	19	28%
Unsatisfactory	1	1%	5	7%	4	6%	7	11%
Total	68	100%	68	100%	68	100%	68	100%
Grade 7:								
Advanced	-	-	-	-	-	-	-	-
Mastery	-	-	NOT APPLICABLE				-	-
Basic	-	-	-	-	-	-	-	-
Approaching basic	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

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