

**ARISE ACADEMY**  
**FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2011 and 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 01 2012**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
ARISE Academy  
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position of ARISE Academy (a nonprofit "Organization") ("ARISE"), and the related Statement of Activities, Cash Flows, and Functional Expenses as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of ARISE as of June 30, 2010 were audited by other auditors whose report dated October 7, 2010, expressed an unqualified opinion on those statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011 on our consideration of ARISE Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Carr, Riggs & Ingram, LLC*

October 14, 2011

**ARISE ACADEMY**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2011 and 2010**

**ASSETS**

	2011	2010
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 202,325	\$ 287,165
Grants receivable	242,000	180,824
Prepaid expenses	11,892	2,957
	456,217	470,946
<b>Total Current Assets</b>	456,217	470,946
<b>Total Assets</b>	\$ 456,217	\$ 470,946

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 245,114	\$ 161,809
Note payable	-	149,000
	245,114	310,809
<b>Total Current Liabilities</b>	245,114	310,809
<b>Total Liabilities</b>	245,114	310,809
<b>Net Assets:</b>		
Unrestricted	211,103	160,137
	211,103	160,137
<b>Total Net Assets</b>	211,103	160,137
<b>Total Liabilities and Net Assets</b>	\$ 456,217	\$ 470,946

See accompanying notes to financial statements.

**ARISE ACADEMY**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2011 and 2010**

	2011	2010
<b>UNRESTRICTED NET ASSETS</b>		
<b>Public Support Revenues and Other Support:</b>		
Local per pupil aid	\$ 1,008,056	\$ 639,166
Federal sources	881,086	525,404
State public school funds	805,933	521,638
Donations and contributions	106,508	98,933
Other state and local sources	746	192,785
	2,802,329	1,977,926
<b>Expenses:</b>		
Program services:		
Instructional	1,346,848	1,082,918
Supporting services:		
Management and general	1,404,515	1,066,849
	2,751,363	2,149,767
<b>Increase (Decrease) in Unrestricted Net Assets</b>	50,966	(171,841)
Net assets at beginning of fiscal year	160,137	331,978
Net assets at end of fiscal year	\$ 211,103	\$ 160,137

See accompanying notes to financial statements.

**ARISE ACADEMY**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2011 and 2010**

	2011	2010
<b>Cash Flows from Operating Activities:</b>		
Increase (decrease) in net assets	\$ 50,966	\$ (171,841)
Increase in operating assets:		
Accounts and grants receivable	(61,176)	(57,833)
Prepaid expenses	(8,935)	(2,957)
Increase in operating liabilities:		
Accounts payable	83,305	161,809
	64,160	(70,822)
<b>Net cash provided by (used in) operating activities:</b>		
<b>Cash Flows from Financing Activities:</b>		
Proceeds from note payable	-	149,000
Repayment of note payable	(149,000)	-
	(149,000)	149,000
<b>Net cash provided by (used in) financing activities</b>		
	(149,000)	149,000
Net increase (decrease) in cash and cash equivalents	(84,840)	78,178
<b>Cash and Cash Equivalents, Beginning of Fiscal Year</b>	287,165	208,987
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	\$ 202,325	\$ 287,165
<b>Supplemental Data:</b>		
Cash paid for interest	\$ 497	\$ 6,733

See accompanying notes to financial statements.

**ARISE ACADEMY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2011**

<b>Expenses:</b>	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 1,142,654	\$ 411,697	\$ 1,554,351
Supplies	203,428	42,951	246,379
Bus service	-	212,800	212,800
Professional services	-	185,347	185,347
Food service	-	188,238	188,238
Rent	-	102,000	102,000
Purchased property services	-	100,504	100,504
Dues and fees	-	60,555	60,555
Utilities	-	51,987	51,987
Telephone and postage	-	20,057	20,057
Insurance	-	14,030	14,030
Advertising	-	8,493	8,493
Travel	-	5,307	5,307
Textbooks	766	52	818
Interest expense	-	497	497
<b>Total Expenses</b>	<u>\$ 1,346,848</u>	<u>\$ 1,404,515</u>	<u>\$ 2,751,363</u>

See accompanying notes to financial statements.

**ARISE ACADEMY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2010

<b>Expenses:</b>	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 958,692	\$ 305,913	\$ 1,264,605
Bus service	-	224,659	224,659
Food service	-	137,188	137,188
Supplies	92,727	44,378	137,105
Purchased property services	-	100,711	100,711
Professional services	-	74,848	74,848
Rent	-	58,400	58,400
Utilities	-	38,783	38,783
Textbooks	31,499	137	31,636
Dues and fees	-	25,926	25,926
Telephone and postage	-	18,575	18,575
Advertising	-	14,311	14,311
Insurance	-	10,373	10,373
Interest expense	-	6,733	6,733
Travel	-	5,914	5,914
<b>Total Expenses</b>	<u>\$ 1,082,918</u>	<u>\$ 1,066,849</u>	<u>\$ 2,149,767</u>

See accompanying notes to financial statements.

**ARISE ACADEMY**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**For the Year Ended June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

ARISE Academy ("ARISE") was incorporated in the fall of 2008 for the purpose of operating a charter school in New Orleans, Louisiana. ARISE was created to offer extended academic time, rigorous college preparatory curriculum and instruction in a foreign language to all students daily. The State Board of Elementary and Secondary Education granted ARISE a Type 5 charter to operate ARISE Academy.

Basis of Accounting

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

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management.

Income Tax Status

ARISE is a Louisiana nonprofit organization under Section 509(a)(3) of the Internal Revenue code that has been granted an exemption from the payment of income taxes under Section 503(c)(3) and has been determined to be other than private foundations. ARISE's management believes that ARISE continues to operate in a manner that preserves its tax exempt status.

On January 1, 2009, ARISE adopted a standard relating to the accounting for uncertainty in income taxes. The tax effect from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. ARISE recognizes the financial statement benefits of a tax position only after determining that the relevant tax authority would be more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. At the adoption date, ARISE applied the new accounting standard to all tax positions for which the statute of limitations remained open. ARISE did not make any adjustment to beginning net assets as a result of the implementation of the accounting standard.

Based on its evaluation, ARISE has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. ARISE is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for the years before 2007.

**ARISE ACADEMY**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**For the Year Ended June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Public Support and Revenue

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

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

ARISE receives grant revenues in order to provide food services to its students. The grant proceeds are received by the Louisiana Recovery School District ("RSD"), which handles all the food services at ARISE.

The RSD sends monthly invoices to ARISE showing the amount the grant revenue covered and the difference that ARISE is obligated to pay. The revenue and expense incurred by this grant was \$173,472 and \$124,038 for the years ended June 30, 2011 and 2010, respectively.

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

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

Estimates

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

**ARISE ACADEMY**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**For the Year Ended June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

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

Basis of Presentation

ARISE follows the provisions of *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate classes of net assets, as follows:

- **Unrestricted** - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by ARISE is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the organization pursuant to such stipulations.
- **Permanently Restricted** - Net assets whose use by ARISE is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the organization.

Subsequent Events

Subsequent events have been evaluated through October 14, 2011, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2010 financial statement presentation to conform to the current year's format. Total net assets and change in net assets are unchanged due to the reclassifications.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**ARISE ACADEMY**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**For the Year Ended June 30, 2011**

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

At June 30, 2011 and 2010, cash and cash equivalents consisted of deposits with financial institutions with carrying balances of \$216,172 and \$337,895. These deposits are secured from risk by \$250,000 from the Federal Deposit Insurance Corporation (FDIC). In accordance with Dodd-Frank Insurance Provision, non-interest bearing transaction accounts are fully insured by the FDIC. This provision is effective from December 31, 2010 through December 31, 2012. For the year ended June 30, 2011 ARISE did not have cash deposits in excess of federally insured limits. For the year ended June 30, 2010, ARISE had cash deposits in excess of federally insured limits of \$87,895.

**NOTE 3 - RETIREMENT PLANS**

Substantially all employees of ARISE are members of an employer sponsored simple IRA retirement plan. Covered employees may elect to contribute a portion of their salaries to the plan. ARISE's matching contribution to the Plan is 100% of the participant's contributions not to exceed 3% of the participant's compensation. ARISE made contributions to the IRA of \$35,736 and \$28,828 for the years ended June 30, 2011 and 2010, respectively.

**NOTE 4 - COMPENSATED ABSENCES**

**School-Based Employees:**

All school-based employees are granted seventy-two (72) hours paid time off (PTO) at the beginning of each year. These days are to be used in case of illness, to handle personal affairs, or for any other personal reason an employee needs a day off. If an employee starts after the beginning of the school year, personal leave/sick days are pro-rated. Unused balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year.

**Funding Policy:**

School Support Center staff work throughout the year and observe the school holidays. All full time ARISE employees will receive a total of seventy-two (72) hours PTO (a combination of vacation time, sick time, and personal holiday time) per year. Unused balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year.

**NOTE 5 - CONTINGENCIES**

**State Funding** - The continuation of the Academy is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the

**ARISE ACADEMY**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**For the Year Ended June 30, 2011**

**NOTE 5 – CONTINGENCIES (CONTINUED)**

charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

At June 30, 2011 and 2010, ARISE was not a defendant or co-defendant in any lawsuits arising from the normal course of operations.

**Facility Operating Costs** - As disclosed in Note 7, ARISE leased space at Dr. Charles Drew Elementary from the Louisiana State Department of Education through its Recovery School District (“RSD”). As disclosed in Note 7, the RSD and ARISE reached an agreement as to what costs will be charged to ARISE.

**NOTE 6 – NOTE PAYABLE**

ARISE has one note payable that matured on September 30, 2010 in the amount of \$149,000. The note bears interest at a rate of four percent (4%) per annum, computed on the basis of the actual number of days elapsed over a 360-day year. ARISE pays interest only until maturity date when the principal loan balance will become due. ARISE paid the entire loan balance on September 1, 2010.

Interest expense pertaining to the loan payable for the years ended June 30, 2011 and 2010 amounted to \$497 and \$6,733, respectively.

**NOTE 7 - LEASE AGREEMENT**

ARISE has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the “RSD”) for the period from July 1, 2009 through June 30, 2012 for the use of Dr. Charles Drew Elementary main buildings, cafeteria, and grounds as school facilities. This lease may be extended for an additional two years ending June 30, 2014 in the event the Louisiana Board of Elementary and Secondary Education extends ARISE’s contract. The RSD has reserved the right to impose rent in subsequent years. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreement indicating fees that would be charged to nonprofit organizations for rental of the building totaling \$102,000 and \$58,400 for the years ended June 30, 2011 and 2010, respectively.

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

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

**ARISE ACADEMY**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**For the Year Ended June 30, 2011**

**NOTE 7 - LEASE AGREEMENT (CONTINUED)**

relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause prior to the end of the specified term in the event ARISE fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

**NOTE 8 - OPERATING LEASE AGREEMENT**

ARISE entered into two operating leases for the rental of three copiers. All leases are for thirty-six (36) months. Rental payments under these leases were \$11,045 and \$6,261 for the years ended June 30, 2011 and 2010, respectively.

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

2012	\$ 8,423
2013	3,510
	<u>\$ 11,933</u>

**NOTE 9 - CONCENTRATIONS**

For the years ended June 30, 2011 and 2010, ARISE received 31% and 27%, respectively, of its total revenue from federal sources and 29% and 26%, respectively, of its total revenue from state public school funds.

**PERFORMANCE STATISTICAL DATA**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
ARISE Academy  
New Orleans, Louisiana

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

Our procedures and findings are as follows:

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

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

#### Education Levels of Public School Staff (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2010.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2010 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

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

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

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

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2010 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

#### Public Staff Data (Schedule K-5)

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

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2010 roll books for those classes and determined that the class was properly classified on the schedule.

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

10. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by ARISE. In 2010 – 2011 school year, ARISE was kindergarten through third grade. Therefore, Schedules K7, K8, and K9 are not applicable.

No exceptions were found as a result of applying the above procedures.

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

*Carr, Riggs & Ingram, LLC*

October 14, 2011

**ARISE ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-1**

**General Fund Instructional and Support Expenditures  
Certain Local Revenue Sources  
For the Year Ended June 30, 2010**

General Fund Instructional and Equipment Expenditures

<b>Teacher and Student Interaction Activities</b>	
Classroom Teacher Salaries	\$ 685,237
Other Instructional Staff Activities	14,040
Instructional Staff Employee Benefits	135,141
Purchased Professional and Technical Services	13,575
Instructional Materials and Supplies	73,536
Less: Instructional Equipment	-
Total Teacher and Student Interaction Activities	<u>\$ 921,529</u>
Other Instructional Activities	<u>\$ -</u>
<b>Pupil Support Activities</b>	<b>\$ 35,038</b>
Less: Equipment for Pupil Support Activities	-
Net Pupil Support Activities	<u>\$ 35,038</u>
<b>Instructional Staff Services</b>	<b>\$ 24,538</b>
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	<u>\$ 24,538</u>
<b>School Administration</b>	<b>\$ 258,553</b>
Less: Equipment for School Administration	-
Net School Administration	<u>\$ 258,553</u>
<b>Total General Fund Expenditures</b>	<b>\$ 1,239,658</b>
<b>Total General Fund Equipment Expenditures</b>	<b>\$ -</b>

Certain Local Revenue Sources:

ARISE Academy does not receive any revenue from local sources.

**ARISE ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-2**

**Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers  
As of October 1, 2010**

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	-	0%	-	0%	-	0.0%	-	0%
Bachelor's Degree	15.0	88%	3.0	75%	-	0.0%	-	0%
Master's Degree	2.0	12%	1.0	25%	-	0.0%	1.0	100%
Master's Degree +30	-	0%	-	0%	-	0.0%	-	0%
Specialist in Education	-	0%	-	0%	-	0.0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	-	0.0%	-	0%
<b>Total</b>	<b>17.0</b>	<b>100%</b>	<b>4.0</b>	<b>100%</b>	<b>-</b>	<b>0.0%</b>	<b>1.0</b>	<b>100%</b>

**Number and Type of Public Schools  
For the Year Ended June 30, 2011**

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Type	2011
	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

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

**ARISE ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-4**

**Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers  
As of October 1, 2010**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Classroom Teachers	8.0	8.0	3.0	1.0	-	-	1.0	21.0
Principals	-	-	1.0	-	-	-	-	1.0
Total	8.0	8.0	4.0	1.0	-	-	1.0	22.0

**ARISE ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-5**

**Public School Staff Data  
For the Year Ended June 30, 2011**

2010	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$44,786	\$44,786
Average Classroom Teacher's Salary Excluding Extra Compensation	\$44,786	\$44,786
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	21	21

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

**ARISE ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-6**

**Class Size Characteristics  
As of October 1, 2010**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	24%	12	76%	39	-	-	-	-
Elementary Activity Classes	33%	3	67%	6	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**ARISE ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-9**

**Integrated Louisiana Educational Assessment Program (iLEAP)  
For the Years Ended June 30, 2011, 2010 and 2009**

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	-	-	-	-	-	-	-	-
Mastery	-	-	-	-	-	-	-	-
Basic	-	-	-	-	-	-	-	-
Approaching Basic	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	-	-	-	-	-	-	-	-
Mastery	-	-	-	-	-	-	-	-
Basic	-	-	-	-	-	-	-	-
Approaching Basic	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	2%	3	8%	-	0%	-	0%
Mastery	3	8%	4	10%	-	0%	1	3%
Basic	15	37%	14	35%	18	45%	19	47%
Approaching Basic	17	43%	8	20%	14	35%	15	37%
Unsatisfactory	4	10%	11	27%	8	20%	5	13%
<b>Total</b>	<b>40</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>40</b>	<b>100%</b>

**INDEPENDENT AUDITOR'S REPORTS ON  
GOVERNMENT AUDITING STANDARDS AND  
COMPLIANCE WITH OMB CIRCULAR A-133**

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**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***

**Independent Auditor's Report**

Board of Directors  
ARISE Academy  
New Orleans, Louisiana

We have audited the financial statements of ARISE Academy ("ARISE"), as of and for the year ended June 30, 2011 and have issued our report thereon dated October 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered ARISE's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ARISE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ARISE's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ARISE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

*Carr, Riggs & Ingram, LLC*

October 14, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**Independent Auditor's Report**

Board of Directors  
ARISE Academy  
New Orleans, Louisiana

**Compliance**

We have audited the compliance of ARISE Academy (a nonprofit organization) ("ARISE") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. ARISE's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of ARISE's management. Our responsibility is to express an opinion on ARISE's compliance based on our audit.

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

In our opinion, ARISE complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of ARISE is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered ARISE's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

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

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

*Carr, Riggs & Ingram, LLC*

October 14, 2011

**ARISE ACADEMY**  
**SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**For the Year Ended June 30, 2011**

<u>Federal Grantor/Program Title/ Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>		
<i>Passed-through Louisiana Department of Education:</i>		
Title I Grants to Local Educational Agencies (LEAs)*	84.010	\$ 193,187
Education Jobs Fund	84.410	35,247
Title II, Improving Teacher Quality State Grants	84.367	20,554
Special Education - Grants to States (IDEA, Part B)	84.027A	67,659
School Improvement Grants, Recovery Act *	84.388	163,390
Public Charter Schools Federal Grant Program*	84.282A	<u>227,577</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<u><b>707,614</b></u>
<u>U.S. Department of Agriculture:</u>		
<i>Passed-through Louisiana Department of Education</i>		
National School Lunch Program	10.555	97,681
School Breakfast Program	10.553	52,309
Child and Adult Care Food Program	10.558	<u>23,482</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u><b>173,472</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u><b>\$ 881,086</b></u>

\*Identified as a major program.

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

**ARISE ACADEMY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**For the Year Ended June 30, 2011**

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of ARISE and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**ARISE ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2011**

**A. SUMMARY OF AUDITOR'S RESULTS**

- The auditor's report expresses an unqualified opinion on the financial statements of ARISE Academy (a nonprofit organization) ("ARISE").
- No instances of noncompliance material to the financial statements of ARISE were disclosed and identified during the audit.
- No significant deficiencies relating to the audit of the major federal award programs is reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
- The *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
- There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- A management letter was not issued for the year ended June 30, 2011.
- The programs tested as a major program for the year ended June 30, 2011 were:

<u>Program Title</u>	<u>CFDA No.</u>
Title I Grants to Local Educational Agencies	84.010
Charter School Grant	84.282
School Improvement Grants	84.388

- The threshold for distinguishing between Type A and Type B programs was \$300,000.
- ARISE did not qualify as a low-risk auditee.

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

There were no findings related to the financial statement for the year ended June 30, 2011.

**ARISE ACADEMY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2011**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

Not applicable.

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

Not applicable.

**SECTION III - MANAGEMENT LETTER**

Not applicable.