

PRIDE COLLEGE PREP ACADEMY**FINANCIAL STATEMENTS****For the Year Ended June 30, 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 12/22/10

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pride College Prep Academy
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position of Pride College Prep Academy (a nonprofit "Organization"), and the related Statements of Activities, Cash Flows, and Functional Expenses as of and for the year ended June 30, 2010. 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.

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 Pride College Prep Academy as of June 30, 2010, and the changes in net assets and 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 12, 2010 on our consideration of Pride College Prep 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.

Rebowe & Company

October 12, 2010

PRIDE COLLEGE PREP ACADEMY
STATEMENT OF FINANCIAL POSITION
June 30, 2010

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 225,473
Prepaid Expense	6,924
Grants receivable	<u>321,121</u>
Total Current Assets	<u>553,518</u>
Total Assets	<u><u>\$ 553,518</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued expenses	<u>\$ 101,541</u>
Total Current Liabilities	<u>101,541</u>
Total Liabilities	<u>101,541</u>
Net Assets:	
Unrestricted	<u>451,977</u>
Total Net Assets	<u>451,977</u>
Total Liabilities and Net Assets	<u><u>\$ 553,518</u></u>

See accompanying notes to financial statements.

**PRIDE COLLEGE PREP ACADEMY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

UNRESTRICTED NET ASSETS

Public Support Revenues and Other Support

Local per pupil aid	\$	378,754
Federal sources		474,966
State public school funds		314,365
Donations and contributions		262,300
Other revenues		184,718
		184,718

Total Public Support and Other Revenues		1,615,103
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Expenses

Program services:		
<i>Instructional</i>		759,134
Supporting services:		
Management and general		746,906
		746,906

Total Expenses		1,506,040
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Increase in Unrestricted Net Assets		109,063
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Net assets at beginning of fiscal year		342,914
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Net assets at end of fiscal year	\$	451,977
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See accompanying notes to financial statements.

PRIDE COLLEGE PREP ACADEMY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

Cash Flows from Operating Activities:	
Increase in net assets	\$ 109,063
Increase in operating assets:	
Accounts/grants receivable	(175,744)
Prepaid expenses	(5,549)
Increase in operating liabilities:	
Accounts payable	<u>67,865</u>
Net cash used by operating activities	<u>(4,365)</u>
Net decrease in cash and cash equivalents	(4,365)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>229,838</u>
Cash and Cash Equivalents, End of Fiscal Year	<u><u>\$ 225,473</u></u>

See accompanying notes to financial statements.

PRIDE COLLEGE PREP ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

Expenses:	<u>Instructional</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 612,941	\$ 263,624	\$ 876,565
Bus service	-	141,458	141,458
Supplies	66,225	29,373	95,598
Food service	-	92,689	92,689
Purchased property services	-	79,306	79,306
Professional services	42,734	32,435	75,169
Rent	-	43,800	43,800
Textbooks	23,610	-	23,610
Utilities	-	23,570	23,570
Dues and fees	3,339	13,489	16,828
Telephone and postage	4,793	7,818	12,611
Insurance	-	9,694	9,694
Advertising	-	8,996	8,996
Travel	5,492	385	5,877
Interest expense	-	269	269
Total Expenses	<u>\$ 759,134</u>	<u>\$ 746,906</u>	<u>\$ 1,506,040</u>

See accompanying notes to financial statements.

**PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Basis of Accounting

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

Functional Expenses

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

Income Tax Status

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

Public Support and Revenue

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

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

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pride receives grant revenue in order to provide food services to its students. The grant proceeds are given directly to Louisiana Recovery School District ("RSD"), which handles all of the food services at Pride. The RSD sends monthly invoices to Pride showing the amount the grant revenue covered and the difference that Pride is obligated to pay. The revenue and offsetting expense incurred by this grant was \$70,712 for the year ended June 30, 2010.

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.

Cash and Cash Equivalents

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

Basis of Presentation

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

- **Unrestricted** - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Temporarily Restricted** - Net assets whose use by Pride is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the organization pursuant to such stipulations.
- **Permanently Restricted** - Net assets whose use by Pride is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the organization.

Subsequent Events

Subsequent events have been evaluated through October 12, 2010, the date the financial statements were available to be issued.

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.

At June 30, 2010, cash and cash equivalents consisted of deposits with financial institutions with carrying balances of \$230,792. These deposits are secured from risk by \$250,000 from the Federal Deposit Insurance Corporation (FDIC). Thus, Pride is in compliance with state law.

NOTE 3 - RETIREMENT PLANS

Substantially all full time employees may be a member of the Pride 401(k) retirement plan. Covered employees may elect to contribute a portion of their salaries to the plan. Pride made additional contributions totaling \$6,804 to the plan for the year ended June 30, 2010.

NOTE 4 - COMPENSATED ABSENCES

School-Based Employees:

All school-based employees are granted eight (8) days 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.

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2010

NOTE 4 - COMPENSATED ABSENCES (CONTINUED)

Funding Policy:

School Support Center staff work throughout the year and observe the school holidays. All full time Pride employees will receive a total of eight (8) days 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

At June 30, 2010, Pride 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, Pride leased space at Francis W. Gregory Junior High School from the Louisiana State Department of Education through its Recovery School District ("RSD"). As disclosed in Note 7, RSD and Pride reached an agreement as to what costs will be charged to Pride.

NOTE 6 - LINE OF CREDIT

Pride has available a line of credit (the "Credit Agreement") with Building Hope which provides for borrowings up to \$150,000 at a rate of 4%. Outstanding borrowings under the Credit Agreement are unsecured. There were no borrowings outstanding on the line of credit at June 30, 2010.

NOTE 7 - LEASE AGREEMENT

Pride has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the period from July 10, 2009 through June 30, 2012 for the use of Francis W. Gregory Junior High School main buildings, cafeteria, and grounds as school facilities. This lease may be extended for an additional two years ending June 30, 2014 in the event the Louisiana Board of Elementary and Secondary Education extends Pride's contract. RSD has reserved the right to impose rent in subsequent years. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreement, which indicated rent that would have been charged to a nonprofit organization for the rental of the building would total \$43,800 for the year ended June 30, 2010.

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

PRIDE COLLEGE PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2010

NOTE 7 - LEASE AGREEMENT (CONTINUED)

The lease agreement states the RSD may move Pride at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by Pride, projected enrollment, program specific needs, and community needs. Pride may terminate this agreement upon 30 days notice to relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause prior to the end of the specified term in the event Pride fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

NOTE 8 - OPERATING LEASE AGREEMENT

Pride entered into three operating leases for the rental of two copiers and one three-hole punch unit. Two (2) leases are for thirty-six (36) months while one (1) is for thirty-three (33) months. Rental payments under these leases were \$9,618 for the year ended June 30, 2010, respectively.

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

2011	\$ 6,134
2012	6,134
2013	<u>545</u>
	<u>\$ 12,813</u>

PERFORMANCE STATISTICAL DATA

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pride College Prep Academy
New Orleans, Louisiana

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

Our procedures and findings are as follows:

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

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

Education Levels of Public 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, 2009.
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, 2009 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, 2009 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, 2009 roll books for those classes and determined that the class was properly classified on the schedule.

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 Pride College Prep 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.

Reboue & Company

October 12, 2010

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

Schedule K-1

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

General Fund Instructional and Equipment Expenditures

<u>Teacher and Student Interaction Activities</u>	
Classroom Teacher Salaries	\$ 209,796
Other Instructional Staff Activities	6,732
Instructional Staff Employee Benefits	51,138
Purchased Professional and Technical Services	16,177
Instructional Materials and Supplies	16,550
Less: Instructional Equipment	(7,445)
Total Teacher and Student Interaction Activities	<u>\$ 292,948</u>
Other Instructional Activities	
Pupil Support Activities	\$ 38,570
Less: Equipment for Pupil Support Activities	-
Net Pupil Support Activities	<u>\$ 38,570</u>
Instructional Staff Services	\$ 832
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	<u>\$ 832</u>
School Administration	\$ 161,340
Less: Equipment for School Administration	-
Net School Administration	<u>\$ 161,340</u>
Total General Fund Expenditures	<u>\$ 493,690</u>
Total General Fund Equipment Expenditures	<u>\$ 7,445</u>

Certain Local Revenue Sources:

Pride College PREP Academy does not receive any revenue from local sources.

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

Schedule K-2

**Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2009**

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	6.0	86%	2.0	50%	-	0.0%	-	0%
Master's Degree	-	0%	2.0	50%	-	0.0%	1.0	100%
Master's Degree +30	-	0%	-	0%	-	0.0%	-	0%
Specialist in Education	1.0	14%	-	0%	-	0.0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	-	0.0%	-	0%
Total	7.0	100%	4.0	100%	-	0.0%	1.0	100%

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

Schedule K-3

**Number and Type of Public Schools
For the Year Ended June 30, 2010**

Type	2010
	Number
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
Total	1

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

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

Schedule K-4

**Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2009**

	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	7.0	2.0	1.0	1.0	-	-	-	11.0
Principals	1.0	-	-	-	-	-	-	1.0
Total	8.0	2.0	1.0	1.0	-	-	-	12.0

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

Schedule K-5

**Public School Staff Data
For the Year Ended June 30, 2010**

2010	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$32,228	\$32,228
Average Classroom Teacher's Salary Excluding Extra Compensation	\$32,228	\$32,228
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	11	11

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

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

Schedule K-6

**Class Size Characteristics
As of October 1, 2008**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	100%	20	-	-	-	-
Elementary Activity Classes	-	-	100%	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.

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

Board of Directors
Pride College Prep Academy
New Orleans, Louisiana

We have audited the financial statements of Pride College Prep Academy, as of and for the year ended June 30, 2010 and have issued our report thereon dated October 12, 2010. 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 Pride College Prep Academy'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 Pride College Prep Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pride College Prep Academy's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pride College Prep Academy'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.

Rebowe & Company

October 12, 2010