

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

**FINANCIAL REPORT**  
**JUNE 30, 2013**

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 **JAN 29 2014**

**Melvin L. Davis**  
**Certified Public Accountant**

(A Limited Liability Company)

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

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**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
**Edgar P. Harney Spirit of Excellence Academy, Inc**  
New Orleans, Louisiana

**Report on the Financial Statements**

I have audited the accompanying statement of financial statements of **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)**, a nonprofit corporation), 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

**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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

**Opinion**

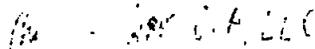
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Edgar P. Harney Spirit of Excellence Academy, Inc.** as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

**Other Information**

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2013, on my consideration of **the School's** internal control over financial reporting and on my 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 my 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 School's** internal control over financial reporting and compliance.



Baton Rouge, Louisiana  
December 30, 2013

## Statement A

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

**Statement of Financial Position**  
**June 30, 2013**

**ASSETS****Current Assets**

Cash in bank - unrestricted	\$ 249,344
Cash in bank - restricted	25,191
<b>Total cash</b>	<u>274,535</u>

Accounts receivable	1,912
Grants receivable (note 4)	108,372
Deposits	6,854
Prepaid expense (note 5)	58,047
<b>Total current assets</b>	<u>175,185</u>

**TOTAL ASSETS** \$ 449,720

**LIABILITIES****Current Liabilities**

Accounts payable	\$ 101,328
Payroll taxes payable	8,283
Line of credit (note 8)	70,000
Notes payable (note 8)	100,885
Deposits held for others - School Student Activity Fund (note 13)	24,511
<b>Total Current Liabilities</b>	<u>305,007</u>

**NET ASSETS**

Unrestricted net assets	144,713
<b>Total Net Assets</b>	<u>144,713</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 449,720

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

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

**Statement of Activities**  
**Year Ended June 30, 2013**

**REVENUES AND OTHER SUPPORT**

Grants	
Federal	\$ 533,045
State	13,416
State Minimum Foundation Program	1,653,317
Local Minimum Foundation Program	1,604,850
Other revenues	<u>31,401</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b><u>3,836,029</u></b>

**EXPENSES**

Instruction	
Regular programs	1,630,806
Special education programs	295,435
Special programs	418,810
Supporting Services	
Pupil services	97,665
Instructional staff services	38,500
General administration	93,190
School administration	419,372
Business services	153,780
Operation and maintenance of plant services	297,931
Student transportation services	239,105
Food services operations	<u>11,220</u>
<b>TOTAL EXPENSES</b>	<b><u>3,695,814</u></b>

**CHANGE IN NET ASSETS** 140,215

**NET ASSETS AT BEGINNING OF YEAR** 4,498

**NET ASSETS AT END OF YEAR** \$ 144,713

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

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

**Statement of Cash Flows**  
**Year Ended June 30, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 140,215
Adjustments to reconcile change in net assets to cash provided (used) by operating activities	
Amortization	215,402
(Increase) decrease in	
Accounts receivable	(1,912)
Grants receivable	83,273
Prepaid expense	(8,118)
Increase (decrease) in	
Accounts, payroll, and other payables	(5,921)
Cash overdraft	(65,144)
Deposits held for others - School Student Activity Fund	<u>7,894</u>
<b>Net cash provided (used) by operating activities</b>	<u>365,689</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net proceeds from (payments on) line of credit	<u>(217,386)</u>
<b>Net cash provided (used) by financing activities</b>	<u>(217,386)</u>
<b>Net increase in cash</b>	148,303
<b>CASH AT BEGINNING OF YEAR</b>	<u>126,232</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 274,535</u>
<b>Supplemental Disclosures:</b>	
Interest paid	<u>\$ 21,059</u>

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

**EDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC**

**Notes to the Financial Statements  
For the Year Ended June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies**

**A. Organization**

**Edgar P. Harney Spirit of Excellence Academy, Inc (the School)** was organized as a non-profit corporation under the laws of the State of Louisiana on August 29, 2007. The corporation is organized exclusively for charitable and educational purposes. **The School's** mission is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting, where students are taught to read, write, compute, and think critically according to their fullest potential.

Effective July 1, 2010, **the School** entered into a Charter School Contract with the Louisiana State Board of Elementary Education (BESE) to operate a Type 5 public charter school in the Louisiana Recovery School District as defined in LSA R S 17:3992 and 3998. The Charter School Contract was granted for an initial term of three years and will terminate on June 30, 2013, unless BESE grants a two-year extension.

**B. Basis of Accounting**

**The School** prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**C. Financial Statement Presentation**

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organization*. Under SFAS No. 117, **the School** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

**Unrestricted** – Support, revenues, and expenses for the general operation of **the School**.

**Temporarily Restricted** – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific period.

**Permanently Restricted** – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **the School**. Generally, the donors of these assets permit **the School** to use all or part of the income derived from the investment of these contributions.

**D. Public Support and Revenue**

**The School's** primary source of funding is through the Minimum Foundation Program (MFP) funded by the state of Louisiana and the Orleans Parish School Board. **The School** receives \$1,653,317 from the State and \$1,604,850 from the Orleans Parish School Board per eligible

student at the official pupil count date of October 1, 2012, payable in monthly installments. State and Federal grants are on a cost reimbursement basis.

**E. Cash and Cash Equivalents**

For purposes of reporting the statement of cash flows, the School considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

**F. Grants Receivable**

The grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

**G. Capital Assets**

Capital assets, which include property, equipment, and intangible assets (contractual agreement), are reported at historical cost or estimated cost. Donated assets are recorded at their estimated fair market value at the date of donation. The School's policy is to capitalize property and equipment over \$5,000. Repairs and maintenance and small equipment purchases are charged to expense when incurred.

Depreciation expense is recognized using the straight-line method over the estimated useful lives of the assets. Amortization of contractual agreements are recognized using the straight-line method over the lesser of the useful life of the improvement or the remaining term of the lease at the time the improvement is placed in service.

Depreciation and amortization are being recognized over the following periods:

	<u>Years</u>
Office furniture and equipment	5
Contractual agreement	3

**H. Use of Estimates**

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

**I. Income Taxes**

Income taxes are not provided for in the financial statements since the School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

## **J. Contributions**

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. **The School** had no temporarily or permanently restricted net assets as of the year ended June 30, 2013.

## **K. Compensated Absences**

All employees are granted one day of paid sick/emergency leave for each month during each school year, which may be used for the employee's personal illness or medical consultation or for emergencies. Emergency for sick leave purposes shall be defined as a sudden or unexpected occurrence or combination of occurrences demanding prompt action on the part of the employee requesting leave, which, if said person fails to act promptly likely to cause significant harm, detriment or injury to said person or to a member of his or her immediate family.

Such leave, when not used, shall be allowed to accumulate to the credit of the employee without limitation. Upon retirement or death, **the School** shall pay the employee or his/her heirs or assigns, for any unused sick leave, not to exceed twenty-five (25) days. Such pay shall be at the daily rate of pay paid to the employee at the time of his/her retirement or death.

## **Note 2 – Concentration of Credit Risk**

At June 30, 2013, **the School** had bank balances totaling \$274,535 on deposit in financial institutions located in Louisiana. All of the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2013, **the School** had \$24,535 uninsured cash balances.

The primary funding sources of **the School** are the Minimum Foundation Program (MFP) funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count and various direct and pass-through grants from federal and state agencies. If the amount of MFP and grants received fall below the expected student count and contract levels, respectively **the School's** operating results could be adversely affected.

## **Note 3 – Retirement Plan**

Substantially, all employees of **the School** are members of a safe harbor 403(b) Contributions Plan. Covered employees may elect to contribute a portion of their salaries to the plan. **The School** matching contribution to the Plan is 100% of the participant's compensation up to 5% and an additional 2% for contributions exceeding 4% of the participant's compensation. **The School** made contributions of \$119,591 to the Plan for the year ended June 30, 2013. No contributions were made to the Plan in prior years.

#### Note 4 – Grants Receivable

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

Federal - U S Department of Education	
Title I	\$ 76,700
Title II	20,198
Special Education - IDEA	10,089
Total Federal	<u>106,987</u>
State of Louisiana	
Extended School Year Services	<u>1,385</u>
Total Grants Receivable	<u>\$ 108,372</u>

#### Note 5 – Prepaid Expenses

Prepaid expenses consist of the following at June 30, 2013

Insurance premiums	\$ 26,826
Recovery School District - Alternative Education Services	26,175
Others	<u>5,046</u>
Total	<u>\$ 58,047</u>

#### Note 6 – Capital Assets

Capital assets consist of the following at June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, being amortized				
Intangible assets - Contractual agreement	<u>\$ 646,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646,206</u>
Total capital assets, being depreciated	<u>646,206</u>	<u>-</u>	<u>-</u>	<u>646,206</u>
Less accumulated amortization for				
Intangible assets - Contractual agreement	<u>430,804</u>	<u>215,402</u>	<u>-</u>	<u>646,206</u>
Total accumulated depreciation and amortization	<u>430,804</u>	<u>215,402</u>	<u>-</u>	<u>646,206</u>
Total capital assets - net	<u>\$ 215,402</u>	<u>\$ (215,402)</u>	<u>\$ -</u>	<u>\$ -</u>

Amortization expense for the year ended June 30, 2013, totaled \$215,402

#### **Note 7 – Operating Leases**

**The School** has an operating lease for office equipment. The lease for office equipment is year-to-year and expires on June 30<sup>th</sup> of each year. Total lease expense for the office equipment for the year ended June 30, 2013 totaled \$13,592.

#### **Note 8 – Notes Payable / Line of Credit**

Notes payable consist of a loan received from a local bank in the original amount of \$477,358 dated February 7, 2011. The note payable is unsecured with a 7% interest rate, payable in monthly installment of \$14,759 with the final payment due on February 7, 2014. At, June 30, 2013, the balance of the note totaled \$100,885.

**The School** has a revolving line of credit with a local bank with a limit of \$200,000. Interest accrues at the interest rate of 3.25%. The line of credit is secured by the assignment of proceeds from funding by the Louisiana Department of Education, contracts, and all related general intangibles. The balance as of June 30, 2013 is \$70,000.

#### **Note 9 – School Facilities**

Effective July 1, 2010, **the School** entered into an agreement with the BESE, which allows **the School** to use the school facilities and its contents located at 2503 Willow Street, New Orleans, Louisiana 70113. The agreement will expire on June 30, 2013, unless the BESE grants an extension for an additional two years.

Alterations made by **the School** shall not diminish the value of the property at the time the alterations are approved. Any physical additions or improvements to the property will become property of BESE. All assets purchased with public funds obtained from public sources will automatically revert to BESE at the time the charter school agreement is terminated. **The School** must maintain records of all school property in compliance with BESE policy and shall update **the School's** property inventory quarterly.

**The School** is responsible for repair and replacement of physical property. In addition, **the School** is responsible for and obligated to provide for routine maintenance and repairs such that the facilities and property are maintained in as good condition as when the right of use was acquired, excluding ordinary wear.

Use of the property is not recorded as an in-kind contribution from or related rent expense to BESE. The value of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

#### **Note 10 – Contingencies**

**The School** is the recipient of grant funds from various federal and state agencies. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of **the School** and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

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#### **Note 11 - Risk Management**

**The School** is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended June 30, 2013.

#### **Note 12 – Minimum Foundation Program (MFP)**

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in **the School** as of October 1<sup>st</sup>. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2013, **the School** recognized revenue of \$1,653,317.

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which pass through to **the School** as Local MFP. Revenues received by OPSB from sales taxes, ad valorem taxes, and other sources are allocated to each school based on its enrollment as of June 30. For the year ended June 30, 2013, **the School** recognized revenue of \$1,604,850.

#### **Note 13 – Funds Held on Behalf of Others (School Student Activity Fund)**

**The School** acts as a custodian for student activity accounts. Funds held on behalf of these groups amounted to \$24,511 at June 30, 2013, and is reported as both an asset (restricted cash) and a liability (Due to Student Activity). Consequently, there is no effect on **the School's** net assets.

#### **Note 14 - Board of Directors' Compensation**

The members of the Board of Directors serve in a voluntary capacity, therefore, no compensation, per diem, or travel allowances were paid to any board member during the year ended June 30, 2013.

#### **Note 15 – Subsequent Events**

**The School** is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The School** performed such an evaluation through December 30, 2013, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

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**INDEPENDENT AUDITOR'S REPORTS AND  
INFORMATION REQUIRED BY THE SINGLE  
AUDIT ACT AND  
*GOVERNMENT AUDITING STANDARDS***

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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**

To the Board of Directors  
**Edgar P. Harney Spirit of Excellence Academy, Inc**  
New Orleans, Louisiana

I 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 **Edgar P. Harney Spirit of Excellence Academy, Inc (the School)**, (a nonprofit corporation), 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 my report thereon dated December 30, 2013

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered **the School's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the School's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the School'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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-1, that I consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of **Edgar P. Harney Spirit of Excellence Academy, Inc.** in a separate letter dated December 30, 2013.

The School's responses to the findings are identified in the accompanying schedule of findings and questioned costs and the management letter. I did not audit the School's response and, accordingly, I express no opinion on it.

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

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose, however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

*Melvin L. Davis, CPA, LLC*

Baton Rouge, Louisiana  
December 30, 2013

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

Board of Directors  
**Edgar P. Harney Spirit of Excellence Academy, Inc**  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

I have audited **Edgar P. Harney Spirit of Excellence Academy, Inc.'s (the School)** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the **School's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of **the School's** major federal programs based on our audit of the types of compliance requirements referred to above. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the School's** compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of **the School's** compliance.

**Opinion on Each Major Federal Program**

In my opinion, **the School** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of **the School** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered **the School's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control over compliance.

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

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. This report is intended for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, state and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Accordingly, this report is not suitable for any other purpose, however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.



Baton Rouge, Louisiana  
December 30, 2013

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

Federal Grantor / Pass Through or Grantor / Program Title	Federal CFDA Number	Grantor Project No	Federal Expenditures
<b>United States Department of Education - Passed Through the Louisiana Department of Education:</b>			
<i>Title I, Grants to Local Educational Agencies</i>	84 010A	28-13-T1-5Z	\$ 382,115
Special Education - Grants to States	84 027A	28-13-B1-5Z	82,516
Public Charter Schools Federal Grant Program	84 282A	28-10-CH-5Z	1,000
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84 367A	28-13-50-5Z	<u>67,414</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 533,045</u></u>

The accompanying Notes to the Schedule of Federal Awards are an integral part of this schedule

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**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**

**Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Edgar P. Harney Spirit of Excellence Academy, Inc** 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-Profits Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note B – Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the federal financial reports.

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

**Section I - Summary of Auditor's Results**

**Financial Statement**

Type of auditor's report issued Unqualified

Internal control over financial reporting

• Material weakness(es) identified?	_____	Yes	_____ x _____	No
• Significant deficiency (ies) identified?	_____ x _____	Yes	_____	No
• Noncompliance material to financial statements noted?	_____	Yes	_____ x _____	No

**Federal Awards**

Internal control over major programs

• Material weakness(es) identified?	_____	Yes	_____ x _____	No
• Significant deficiency (ies) identified?	_____	Yes	_____ x _____	No

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____	Yes	_____ x _____	No
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Identification of major program

CFDA Numbers	Name of Federal Program or Cluster
84 010A	Title I, Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee?	_____	Yes	_____ x _____	No
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**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Section II - Financial Statement Findings**

**2013-1 Late Submission of the Audit Report**

**Condition**

The audit of the School's financial statements was not completed and filed with the Office of Legislative Auditor within six months of the close of the School's fiscal year

**Criteria**

In accordance with LSA-R S 24 513A(5)(a) audits shall be submitted within six months of the close of the entity's fiscal year

**Effect**

The audit report was not filed within the time period required by state law

**Cause**

The audit was engaged and commenced in a timely manner to ensure compliance with state law, however delays occurred related to deliver of audit data requested This situation appears to have been resolved and consider this an isolated occurrence for this year

**Recommendation**

Management should place emphasis on providing audit related data in a timely manner and design its internal controls over financial reporting to ensure compliance with LSA-R S 24 513A(5)(a)

**Management's Response and Correction Action Plan**

In a meeting the day before the Office of Legislative Auditor's grace period for submission of audits with years ending June 30, 2013, after acknowledging having received requested audit data, our auditor informed management of the school that he felt that the audit would be submitted on time However, for whatever reason the audit was submitted several hours after the grace period expired Management of the school accepts its responsibility of timely submission of its audited financial statements and will take the appropriate measures to ensure that in future years to have our audited financial statements completed and issued within six months of the fiscal year end as required by state law

**Section III - Federal Awards Findings**

No findings or questioned costs for the year ended June 30, 2013

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Financial Statement Findings**

**2012-1 Support for Cash Disbursements**

**Recommendation**

I recommend that the School implement strict policies and procedures requiring that supporting receipts or invoices be submitted for all charges for which it is practical to obtain and that the business purpose of the expense be clearly documented. In addition, I recommend that the School's policies and reimbursement procedures be revised to require the payment of the credit card statements in full each month, to avoid the incurrence of finance charges.

Response Partially resolved – Finding Management Letter Comment 2013-1

**2012-2 School's Student Activity Fund**

**Recommendation**

Management should design its internal controls, policies and procedures to ensure compliance with LSA-RS 17 414 3, when performing its fiduciary and accountability duties related to the School's Student Activity Fund.

Response Resolved

**Management Letter Comments**

**ML 2012-1 Expenditure code assignment**

I recommend that the School's policies and procedures be revised to require that purchase requisitions, purchase orders, check stubs, etc. contain all expenditure codes relevant to each purchase or disbursement. When multiple expenditure codes relate to a disbursement, all codes and amounts should appear on the documents.

Response Resolved

**ML 2012-2 Evidence of Receipt of Goods or Services Need Improvement**

I suggest that the School implement pre-numbered receiving reports that include vendor description, date of receipt, and reference to the packing slip or purchase order. The original copy of the receiving report and packing slip should be forwarded to the accounting department for processing. Payment of a vendor's invoice should not be made unless a copy of the receiving report is attached.

Response Resolved

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## **LETTER TO MANAGEMENT**

**Melvin L. Davis**  
**Certified Public Accountant**

(A Limited Liability Company)  
P O Box 73360 • Baton Rouge, Louisiana 70874  
Phone (225) 774-4703 • Fax (225) 774-4509

**MANAGEMENT LETTER**

To the Board of Directors  
Edgar P Harney Spirit of Excellence Academy, Inc  
New Orleans, Louisiana

In planning and performing my audit of the financial statements of **Edgar P. Harney Spirit of Excellence Academy, Inc , (the School)**, a nonprofit corporation, as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, I considered **the School's** internal controls over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of **the School's** internal control Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control

However, during my audit I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency I previously reported on **the School's** internal control in my report dated December 30, 2013 This letter does not affect my report dated December 28, 2012, on the financial statements of **the School**

I will review the status of these comments during my next audit engagement I have already discussed many of these comments and suggestions with various school personnel, and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations My comments are summarized as follows

**ML 2013-1 Support for Cash Disbursements**

During the audit process it was noted that appropriate supporting documentation was not consistently attached to the payment vouchers of credit card statements Oftentimes the charge shown on the credit card statement was the only support for the disbursement, particularly for special meals The custodial of the credit card has made the decision to reimburse the school for all undocumented credit card charges To strengthen internal controls over disbursements, it is recommended that procedures related to credit card charges be amended to require supporting documentation for all charges, as well as, written documentation stating the business purpose of charges and names and position title's of individual in the party when special meals are purchased

Management's Response and Correction Action Plan

To strengthen internal controls over disbursements, management will provide supporting documentation for all charges, as well as, written documentation stating the

business purpose of charges and names and position title's of individuals in the party when special meals are purchased

#### **ML 2013-2 Include All Significant Matters in Minutes of Board Meetings**

In reviewing regular and finance committee minutes of the Board of Directors meetings, I noted that not all significant matters discussed or decided at meetings were included in the minutes. In several instances, I learned that certain matters had been authorized by the Board, yet the authorization was not reflected in the minutes. I recommend that matters such as pay raises, bonuses, loan transactions, the approval of significant contracts or agreements, and procedural changes be discussed, approved, and documented in Board minutes. When issues are discussed by teleconference or email, the discussion should be documented and maintained with other board minutes.

##### Management's Response and Correction Action Plan

Management will ensure that matters such as pay raises, bonuses, loan transactions, the approval of significant contracts or agreements, and procedural changes be discussed, approved, and documented in board minutes. When issues are discussed by teleconference or email, the discussion should be documented and maintained with other board minutes.

#### **ML 2013-3 Centralization of the Disbursement Function**

My audit procedures revealed that presently the cash disbursement function is not centralized. The vast majority of disbursements occur under the responsibility of the Chief Financial Officer, with the review, approval and signature of the Executive Director. However, other disbursements are made from a separate bank account administered by members of the Board of Director's. This practice causes certain loss of control and efficiency. In addition, these transactions are not recorded by in a timely manner, due to the fact that in most, if not all instance the Chief Financial Officer is not aware of the transactions until observing on the bank statement when reconciling the cash account. Also, these disbursements are not subjected to the budgetary controls of **the School** and the supporting documentation was not always on file at **the School**.

I recommend that **the School** centralize its disbursement function and discontinue paying vendors, consultants, etc from the Board's account. Such would enhance **the School's** budgetary controls and ensure the timely recording of transactions.

##### Management's Response and Correction Action Plan

The School will centralize its disbursement function and discontinue paying vendors, consultants, etc from the Board's account. Such would enhance the School's budgetary controls and ensure the timely recording of transactions.

I wish to thank the staff of **the School** for their support and assistance during my audit.

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

*Melvin L. Davis, CPA, LLC*

Baton Rouge, Louisiana  
December 30, 2013

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**STATE REPORTING SECTION**

**Schedules Required by State Law  
(R.S. 24:514 Performance and Statistical Data)**

**Melvin L. Davis**  
**Certified Public Accountant**

(A Limited Liability Company)  
P O Box 73360 • Baton Rouge, Louisiana 70874  
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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
**Edgar P. Harney Spirit of Excellence Academy, Inc.**  
New Orleans, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)**, a nonprofit corporation, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of **the School** and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. Management of **the School** is responsible for its 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 and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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.

My procedures and findings relate to the accompanying schedules of supplementary information and are as follows:

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

1 I 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
- Nonpublic Transportation Revenue

**Comment:** No differences noted

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
Independent Accountant's Report on  
Agreed-Upon Procedures

**Education Levels of Public School Staff (Schedule 2)**

- 2 I 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 the School supporting payroll records as of October 1st

**Comment:** No differences noted

- 3 I 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 per this schedule

**Comment** No differences noted

- 4 I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule I traced each of the teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule

**Comment** No differences noted

**Number and Type of Public Schools (Schedule 3)**

- 5 I obtained a list of schools by type as reported on the schedule I compared the list to the School and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84 010) application The School only operates grades one through eight

**Comment:** No differences noted

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

- 6 I 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 if the individual's experience was properly classified on the schedule

**Comment** No differences noted

**Public School Staff Data. Average Salaries (Schedule 5)**

- 7 I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired status as well as full-time equivalent as reported on the schedule and traced each teacher 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

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
Independent Accountant's Report on  
Agreed-Upon Procedures

**Comment** No differences noted

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

**Comment** No differences noted

**Class Size Characteristics (Schedule 6)**

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

**Comment:** No differences noted

**Louisiana Educational Assessment Program (LEAP) (Schedule 7)**

- 10 I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**

**Comment:** No differences noted

**Graduation Exit Exam (GEE) (Schedule 8)**

- 11 Because this schedule does not apply to an elementary school, I did not obtain test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**

**Comment:** Not applicable

**iLEAP Tests (Schedule 9)**

- 12 I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**

**Comment:** No differences noted

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
Independent Accountant's Report on  
Agreed-Upon Procedures

This report is intended solely for the use of management of **Edgar P. Harney Spirit of Excellence Academy, Inc.**, the Louisiana Department of Education, the Louisiana Legislature, and the Louisiana 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.

*Melvin L. Davis, CPA, LLC*

Baton Rouge, Louisiana  
December 30, 2013

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
New Orleans, Louisiana

**Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)  
As of and for the Year Ended June 30, 2013**

***Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources***

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments in real property, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

***Schedule 2 – Education Levels of Public School Staff***

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant's with less than a Bachelor's, Master's, Master's +30, Specialist in Education, and Ph D or Ed D degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

***Schedule 3 – Number and Type of Public Schools***

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

***Schedule 4 – Experience of Public Teachers, Assistant Principals, and Full-time Classroom Teachers***

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

***Schedule 5 – Public School Staff Data – Average Salaries***

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

***Schedule 6 – Class Size Characteristics***

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

***Schedule 7 – Louisiana Educational Assessment Program (LEAP)***

This schedule represents student performance testing data and including summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

(Continued)

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**

Schedules Required by State Law (R S 24 514 – Performance  
and Statistical Data) - Concluded

As of and for the Year Ended June 30, 2013

***Schedule 8 – Graduation Exit Exam***

This schedule represents student performance testing data and including summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule does not apply to elementary schools, and therefore this schedule is not applicable.

***Schedule 9 – The IOWA Tests***

This schedule represents student performance testing data and including summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data. **The School** does not operate grades 9, therefore, achievement level results for this grade is not applicable.

**EDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC**  
New Orleans, Louisiana

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2013**

General Fund Instructional and Equipment Expenditures

## General Fund Instructional Expenditures

## Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 1,020,579
Other Instructional Staff Activities	121,333
Employee Benefits	303,811
Purchased Professional and Technical Services	112,899
Instructional Materials and Supplies	233,246
Instructional Equipment	
Total Teacher and Student Interaction Activities	<u>\$ 1,791,868</u>

Other Instructional Activities 53,834

Pupil Support Activities 97,665  
 Less: Equipment for Pupil Support Activities -  
 Net Pupil Support Activities 97,665

Instructional Staff Services 38,500  
 Less: Equipment for Instructional Staff Services -  
 Net Instructional Staff Services 38,500

School Administration 419,372  
 Less: Equipment for School Administration -  
 Net School Administration 419,372

Total General Fund Instructional Expenditures \$ 2,401,239

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

## Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
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 \$ -

Nonpublic Transportation Revenue \$ -

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
New Orleans, Louisiana

**Education Levels of Public School Staff  
As of October 1, 2012**

Category	Full-time Classroom Teachers				Principals & 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 0%	0	0 0%	0	0 0%
Bachelor's Degree	8	62 0%	3	100 0%	0	0 0%	0	0 0%
Master's Degree	4	31 0%	0	0 0%	1	50 0%	0	0 0%
Master's Degree + 30	1	7 0%	0	0 0%	1	50 0%	0	0 0%
Specialist in Education	0	0 0%	0	0 0%	0	0 0%	0	0 0%
Ph D or Ed D	0	0 0%	0	0 0%	0	0 0%	0	0 0%
<b>Total</b>	<b>13</b>	<b>100 0%</b>	<b>3</b>	<b>100 0%</b>	<b>2</b>	<b>100 0%</b>	<b>0</b>	<b>0 0%</b>

**EDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC**  
**New Orleans, Louisiana**

**Number and Type of Public Schools**  
**For the Year Ended June 30, 2013**

<b>Type</b>	<b>Number</b>
Elementary	1
Middle/Jr High	0
Secondary	0
Combination	0
<b>Total</b>	<b>1</b>

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

**EDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC**  
**New Orleans, Louisiana**

**Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers**  
**As of October 1, 2012**

	0-1 Yr	2-3 Yrs	4-10 Yrs	11-14 Yrs	15-19 Yrs	20-24 Yrs	25+ Yrs	Total
Assistant Principals	0	0	0	0	0	1	0	1
Principals	0	0	0	0	0	0	1	1
Classroom Teachers	0	2	8	1	0	0	5	16
	4	2	8	1	0	1	6	18

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
**New Orleans, Louisiana**

**Public School Staff Data**  
**For the Year Ended June 30, 2013**

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions</b>
<b>Average Classroom Teachers Salary Including Extra Compensation</b>	\$45,827 45	\$44,029 92
<b>Average Classroom Teachers Salary Excluding Extra Compensation</b>	\$44,368 67	\$42,681 36
<b>Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries</b>	20	17

**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.

**EDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC**  
**New Orleans, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2012**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	15.4%	12	71.8%	56	12.8%	10	0.0%	0
Elementary Activity Classes	0.0%	0	100.0%	2	0.0%	0	0.0%	0
Middle/Jr High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Middle/Jr High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

**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.

**FDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC**  
New Orleans, Louisiana

**Louisiana Educational Assessment Program (LEAP)**  
**For the Year Ended June 30, 2013**

School Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	1	2%	0	0%	2	4%	7	15%	1	2%	2	4%
Mastery	23	49%	12	29%	11	24%	11	23%	11	27%	10	22%
Basic	19	40%	21	51%	20	43%	22	47%	17	41%	20	43%
Approaching Basic	4	9%	6	15%	9	20%	3	6%	10	24%	9	20%
Unsatisfactory	0	0%	2	5%	4	9%	4	9%	2	5%	5	11%
<b>Total</b>	<b>47</b>	<b>100%</b>	<b>41</b>	<b>100%</b>	<b>46</b>	<b>100%</b>	<b>47</b>	<b>100%</b>	<b>41</b>	<b>99%</b>	<b>46</b>	<b>100%</b>

School Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	1	2%	0	0%	0	0%	5	11%	0	0%	0	0%
Mastery	5	11%	2	5%	1	2%	9	19%	3	7%	3	7%
Basic	25	53%	27	66%	17	37%	22	47%	28	68%	27	59%
Approaching Basic	13	28%	10	24%	23	50%	9	19%	5	12%	10	22%
Unsatisfactory	3	6%	2	5%	5	11%	2	4%	5	12%	6	13%
<b>Total</b>	<b>47</b>	<b>100%</b>	<b>41</b>	<b>100%</b>	<b>46</b>	<b>100%</b>	<b>47</b>	<b>100%</b>	<b>41</b>	<b>99%</b>	<b>46</b>	<b>101%</b>

School Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mastery	1	4%	0	0%	0	0%	0	0%	0	0%	0	0%
Basic	13	57%	8	36%	12	60%	16	70%	12	55%	10	50%
Approaching Basic	7	30%	12	55%	7	35%	2	9%	7	32%	8	40%
Unsatisfactory	2	9%	2	9%	1	5%	5	22%	3	14%	2	10%
<b>Total</b>	<b>23</b>	<b>100%</b>	<b>22</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>23</b>	<b>101%</b>	<b>22</b>	<b>101%</b>	<b>20</b>	<b>100%</b>

School Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Basic	8	35%	5	23%	4	20%	7	30%	3	14%	9	45%
Approaching Basic	7	30%	8	36%	10	50%	10	43%	11	50%	9	45%
Unsatisfactory	8	35%	9	41%	6	30%	6	26%	8	36%	2	10%
<b>Total</b>	<b>23</b>	<b>100%</b>	<b>22</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>23</b>	<b>99%</b>	<b>22</b>	<b>100%</b>	<b>20</b>	<b>100%</b>

EDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC  
New Orleans, Louisiana

Graduation Exit Exam  
For the Year Ended June 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Note: Edgar P Harney Spirit of Excellence Academy is an elementary school, therefore this schedule does not apply

**FDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
New Orleans, Louisiana

**The /LEAP Tests**  
For The Year Ended June 30, 2013

**/LEAP Tests**

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	2%	1	2%	2	5%	0	0%
Basic	13	30%	14	32%	6	14%	17	39%
Approaching Basic	14	32%	15	34%	29	66%	17	39%
Unsatisfactory	16	36%	14	32%	7	16%	10	23%
<b>Total</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>101%</b>	<b>44</b>	<b>101%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	7%	0	0%	1	3%	0	0%
Basic	15	52%	16	55%	7	24%	11	38%
Approaching Basic	9	31%	11	38%	13	45%	11	38%
Unsatisfactory	3	10%	2	7%	8	28%	7	24%
<b>Total</b>	<b>29</b>	<b>100%</b>	<b>29</b>	<b>100%</b>	<b>29</b>	<b>100%</b>	<b>29</b>	<b>100%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	0	0%	0	0%	0	0%
Basic	5	28%	11	61%	8	44%	3	17%
Approaching Basic	10	56%	1	6%	6	33%	5	28%
Unsatisfactory	3	17%	6	33%	4	22%	10	56%
<b>Total</b>	<b>18</b>	<b>101%</b>	<b>18</b>	<b>100%</b>	<b>18</b>	<b>99%</b>	<b>18</b>	<b>101%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	0	0%	0	0%	0	0%
Basic	8	40%	12	60%	4	20%	2	10%
Approaching Basic	7	35%	7	35%	10	50%	15	75%
Unsatisfactory	5	25%	1	5%	6	30%	3	15%
<b>Total</b>	<b>20</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>20</b>	<b>100%</b>

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**FDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.**  
New Orleans, Louisiana

**The /LEAP Tests**  
**For The Year Ended June 30, 2013**

**/LEAP Tests**

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	1	2%	3	7%	1	2%	0	0%
Mastery	3	7%	5	12%	6	14%	2	5%
Basic	19	44%	20	47%	17	40%	21	49%
Approaching Basic	16	37%	12	28%	15	35%	13	30%
Unsatisfactory	4	9%	3	7%	4	9%	7	16%
<b>Total</b>	<b>43</b>	<b>99%</b>	<b>43</b>	<b>101%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0%	1	3%	0	0%	0	0%
Mastery	1	3%	2	5%	0	0%	1	3%
Basic	18	47%	13	34%	17	45%	15	39%
Approaching Basic	14	37%	14	37%	18	47%	13	34%
Unsatisfactory	5	13%	8	21%	3	8%	9	24%
<b>Total</b>	<b>38</b>	<b>100%</b>	<b>38</b>	<b>100%</b>	<b>38</b>	<b>100%</b>	<b>38</b>	<b>100%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	4%	2	8%	0	0%	0	0%
Basic	13	52%	15	60%	12	48%	9	36%
Approaching Basic	10	40%	4	16%	9	36%	11	44%
Unsatisfactory	1	4%	4	16%	4	16%	5	20%
<b>Total</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0%	1	6%	0	0%	0	0%
Mastery	1	6%	1	6%	0	0%	0	0%
Basic	10	59%	12	67%	6	35%	9	53%
Approaching Basic	5	29%	3	17%	7	41%	6	35%
Unsatisfactory	1	6%	1	6%	4	24%	2	12%
<b>Total</b>	<b>17</b>	<b>100%</b>	<b>18</b>	<b>102%</b>	<b>17</b>	<b>100%</b>	<b>17</b>	<b>100%</b>

(Continued)

**EDGAR P HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC**  
New Orleans, Louisiana

**The iLEAP Tests**  
**For The Year Ended June 30, 2013**

**iLEAP Tests**

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	0	0%	2	4%	0	0%	0	0%
Mastery	2	4%	6	13%	2	4%	2	4%
Basic	15	33%	18	39%	14	30%	10	22%
Approaching Basic	20	43%	11	24%	21	46%	20	43%
Unsatisfactory	9	20%	9	20%	9	20%	14	30%
<b>Total</b>	<b>46</b>	<b>100%</b>	<b>46</b>	<b>100%</b>	<b>46</b>	<b>100%</b>	<b>46</b>	<b>99%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	3%	0	0%	0	0%	1	3%
Basic	11	29%	16	42%	9	24%	13	34%
Approaching Basic	19	50%	11	29%	20	53%	14	37%
Unsatisfactory	7	18%	11	29%	9	24%	10	26%
<b>Total</b>	<b>38</b>	<b>100%</b>	<b>38</b>	<b>100%</b>	<b>38</b>	<b>101%</b>	<b>38</b>	<b>100%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	0	0%	2	5%	1	2%	0	0%
Mastery	3	7%	5	11%	4	9%	4	9%
Basic	22	50%	20	45%	21	48%	12	27%
Approaching Basic	14	32%	10	23%	14	32%	21	48%
Unsatisfactory	5	11%	7	16%	4	9%	7	16%
<b>Total</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>100%</b>

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	5%	0	0%	0	0%	0	0%
Basic	11	50%	13	59%	12	55%	10	45%
Approaching Basic	7	32%	4	18%	5	23%	8	36%
Unsatisfactory	3	14%	5	23%	5	23%	4	18%
<b>Total</b>	<b>22</b>	<b>101%</b>	<b>22</b>	<b>100%</b>	<b>22</b>	<b>101%</b>	<b>22</b>	<b>99%</b>

Note, Edgar P Harney Spirit of Excellence is a elementary school, therefore grade 9 achievement level results do not apply

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