

**DISCOVERY HEALTH SCIENCES  
FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2014**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Discovery Health Sciences Foundation, Inc.  
Kenner, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Discovery Health Sciences Foundation, Inc. (a nonprofit organization) ("Discovery"), a component unit of Jefferson Parish Public School System, which comprise the Statement of Financial Position as of June 30, 2014, and the related Statements of Activities, Functional Expenses, 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**

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 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 Discovery'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 Discovery's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Discovery as of June 30, 2014, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014, on our consideration of Discovery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Discovery's internal control over financial reporting and compliance.

*Carr, Riggs, & Ingram, LLC*

November 19, 2014

## **FINANCIAL STATEMENTS**

**Discovery Health Sciences Foundation, Inc.**  
**Statement of Financial Position**

<i>June 30,</i>	<i>2014</i>
<hr/>	
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 254,748
Accounts receivable	56,346
Prepaid expenses	31,729
<hr/>	
Total Current Assets	342,823
<hr/>	
Property and equipment, net	231,832
<hr/>	
<b>Noncurrent assets</b>	
Deposits	72,922
Deferred compensation investments	51,951
<hr/>	
Total noncurrent assets	124,873
<hr/>	
Total Assets	\$ 699,528
<hr/> <hr/>	
<b>Liabilities and net assets</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 81,832
Accrued salaries and benefits	176,020
Deferred revenue	15,129
Line of credit, current	195,000
<hr/>	
Total current liabilities	467,981
<hr/>	
<b>Noncurrent liabilities</b>	
Deferred compensation liability	51,951
<hr/>	
Total Liabilities	519,932
<hr/>	
<b>Net assets</b>	
Unrestricted (deficit)	(40,404)
Temporarily restricted	220,000
<hr/>	
Total Net Assets	179,596
<hr/>	
Total Liabilities and Net Assets	\$ 699,528
<hr/> <hr/>	

*The accompanying footnotes are an integral part of these financial statements.*

**Discovery Health Sciences Foundation, Inc.**  
**Statement of Activities**

<i>For the year ended June 30, 2014</i>	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Support</b>			
Per pupil support	\$ 3,411,080	\$ -	\$ 3,411,080
Contributions and donations	41,965	220,000	261,965
Tuition	216,351	-	216,351
Federal sources	158,842	-	158,842
Other revenue	225,928	-	225,928
<hr/>			
Total Public Support and Other Revenues	4,054,166	220,000	4,274,166
<hr/>			
Net assets released from restrictions	-	-	-
<hr/>			
Total Revenues and Support	4,054,166	220,000	4,274,166
<hr/>			
<b>Expenses</b>			
Program services	2,145,240	-	2,145,240
Supporting services: Management and general	1,870,020	-	1,870,020
<hr/>			
Total Expenses	4,015,260	-	4,015,260
<hr/>			
<b>Increase in net assets</b>	38,906	220,000	258,906
<hr/>			
Net deficit at beginning of year	(79,310)	-	(79,310)
<hr/>			
Net assets (defecit) at end of year	\$ (40,404)	\$ 220,000	\$ 179,596

*The accompanying footnotes are an integral part of these financial statements.*

**Discovery Health Sciences Foundation, Inc.**  
**Statement of Cash Flows**

	2014
<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 258,906
Depreciation expense	94,482
(Increase) decrease in operating assets:	
Prepaid expenses	14,745
Deposits	(72,922)
Account receivable	(56,346)
Increase in operating liabilities:	
Accounts payable	70,565
Accrued salaries and benefits	146,020
Tuition deposits	4,129
<b>Net cash provided by operating activities:</b>	<b>459,579</b>
<b>Cash Flows from Investing Activities:</b>	
Purchase of property and equipment	(326,314)
<b>Net cash used in investing activities</b>	<b>(326,314)</b>
<b>Cash Flows from Financing Activities:</b>	
Principal borrowings on line of credit	60,000
<b>Net cash provided by financing activities</b>	<b>60,000</b>
Net increase in cash and cash equivalents	193,265
Cash and Cash Equivalents, Beginning of Year	61,483
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 254,748</b>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash paid during the year for interest	\$ 8,089

*The accompanying footnotes are an integral part of these financial statements.*

**Discovery Health Sciences Foundation, Inc.**  
**Statement of Functional Expenses**

<i>For the year ended June 30, 2014</i>	Program Services	<u>Supporting Services</u> Management and General	Total
Salaries and benefits	\$ 1,785,385	\$ 898,093	\$ 2,683,478
Books and periodicals	176,029	-	176,029
Professional services	9,117	151,249	160,366
Food service	-	157,394	157,394
Cleaning services	-	130,390	130,390
Supplies	67,915	61,079	128,994
Transportation	-	94,336	94,336
Depreciation	74,173	20,309	94,482
Utilities	-	78,776	78,776
Dues and fees	-	76,671	76,671
Rent	9,549	41,034	50,583
Communications	-	49,641	49,641
Travel	3,145	17,522	20,667
Insurance	-	42,148	42,148
Repairs and maintenance	731	19,443	20,174
Advertising	-	15,727	15,727
Miscellaneous	13,436	1,504	14,940
Interest	-	8,089	8,089
Equipment	5,760	615	6,375
Purchased property services	-	6,000	6,000
<b>Total Expenses</b>	<b>\$ 2,145,240</b>	<b>\$ 1,870,020</b>	<b>\$ 4,015,260</b>

*The accompanying footnotes are an integral part of these financial statements.*

## Discovery Health Sciences Foundation, Inc. Notes to the Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Discovery Health Sciences Foundation, Inc. (a nonprofit organization) ("Discovery") was incorporated in September 2011 for the purpose of operating, Kenner Discovery Health Sciences Academy ("Discovery"), a charter school located in Kenner, Louisiana. Discovery was created to provide a rigorous learning environment where students achieve academically, develop intellectual curiosity, and practice environmental responsibility while exploring health and science topics and careers. In June 2012, Jefferson Parish Public School System ("JPPSS") authorized Discovery to operate a Type 1 Charter School. The initial five (5) year charter is set to expire June 2018. Discovery began operations in August 2013 with an enrollment of 419 students. Discovery is a component unit of JPPSS.

#### ***Basis of Accounting***

The financial statements have been prepared using 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. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

#### ***Property and Equipment***

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method using the following estimated useful lives:

Equipment and furniture	3-5 years
Building Improvements	5 years

#### ***Income Tax Status***

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

Upon its formation in 2011, Discovery adopted a standard relating to the accounting for uncertainty in income taxes. The tax effect from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. Discovery recognizes the financial statement benefits of a tax position only after determining that the relevant tax authority would be more likely than not

## Discovery Health Sciences Foundation, Inc. Notes to the Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. At the adoption date, Discovery applied the new accounting standard to all tax positions for which the statute of limitations remained open. Discovery was not required to make any adjustment to beginning net assets as a result of the implementation of the accounting standard.

Based on its evaluation, Discovery has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

#### ***Public Support and Revenue***

Discovery receives its support primarily from the Louisiana State Department of Education and private contributions. 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 which are 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.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial 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 Statements of Activities as net assets released from restrictions.

#### ***Estimates***

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

**Discovery Health Sciences Foundation, Inc.**  
**Notes to the Financial Statements**

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

***Cash and Cash Equivalents***

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

***Compensated Absences***

All teachers and staff are provided up to ten (10) days of paid time off (PTO) (a combination of vacation time, sick time, and personal holiday time). Unused PTO balances, up to ten (10) days, are carried over into future years with a maximum of twenty (20) days carried forward.

***Deferred Revenue***

Deferred revenue represents deposits made on tuition for the Pre-K program. Due to the high demand of the Pre-K program, Discovery required students to place a \$200 nonrefundable deposit to hold their place in the program that would later be used to decrease the total tuition due as these future students enter the program these amounts will be recognized as revenue.

***Basis of Presentation***

Discovery 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 categories of net assets, as follows:

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

***Subsequent Events***

Subsequent events have been evaluated through November 19, 2014 the date the financial statements were available to be issued.

**Discovery Health Sciences Foundation, Inc.**  
**Notes to the Financial Statements**

**NOTE 2: CASH AND CASH EQUIVALENTS**

Discovery maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ending June 30, 2014. At times, the balance may exceed the federally insured amount.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2014, consisted of the following:

	2014
Building and improvements	\$ 61,082
Office and classroom equipment	265,232
Less: Accumulated depreciation	(94,482)
	<u>\$ 231,832</u>

Depreciation expense was \$94,482 for the year ended June 30, 2014.

**NOTE 4: BANK LINE OF CREDIT**

During the year ended June 30, 2014, Discovery renewed its line of credit with a local financial institution. The line of credit allows for borrowings up to \$400,000 and had an initial maturity date of July 17, 2014, and was subsequently renewed with a new maturity date of July 17, 2015. Interest accrues at .75 percentage points over the Wall Street Journal Prime Rate (3.25% at June 30, 2014). There was an outstanding balance of \$195,000 on the line of credit at June 30, 2014.

**NOTE 5: RETIREMENT PLANS**

Substantially all employees of Discovery are members of an employer sponsored Safe Harbor 401(k) plan. Covered employees may elect to contribute a portion of their salaries to the plan. Discovery's matching contribution to the plan is equal to 100% of the employee's elected deferrals up to a limit of 3% of the employee's compensation and an additional 50% of deferrals for the next 2% of employee compensation. Discovery made \$99,109 in contributions to the plan during the year ended June 30, 2014.

Discovery also sponsors a 457(b) Deferred Compensation Plan for its Executive Director. Discovery contributes the maximum allowed to the plan, which is \$17,500 annually, as required by the Executive Director's contract. The plan's assets and liabilities reflected on Discovery's Statement of Financial Position for the year ended June 30, 2014 totaled \$51,951. The plan assets are fully invested in mutual funds, the cost of which approximates fair value at June 30, 2014.

**Discovery Health Sciences Foundation, Inc.**  
**Notes to the Financial Statements**

**NOTE 6: COMPENSATED ABSENCES**

All employees earn ten (10) days of paid time off (PTO) (a combination of vacation time, sick time, and personal holiday time) during the school year. Employees earn one day of PTO for each month worked from August to May. Employees are eligible to use PTO days prior to earning them, however any used unearned PTO must be paid back at separation of employment. Annually, up to ten (10) days of PTO may be carried forward into future years with an accumulated maximum of twenty (20) PTO days carried forward. At June 30, 2014, the liability for earned and unused PTO days was approximately \$38,087.

**NOTE 7: CONTINGENCIES**

State Funding - The continuation of Discovery is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the JPPSS. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

At June 30, 2014, Discovery was not a defendant or co-defendant in any lawsuits arising from the normal course of operations.

**NOTE 8: OPERATING LEASES**

Discovery entered into three (3) operating leases for the rental of three (3) copiers. Two of the equipment leases are for a thirty-six (36) month period and were executed in June 2013. The third lease is for a thirty-six (36) month period and was executed in November 2013. Rental payments under these leases were approximately \$8,445 for the year ended June 30, 2014. Discovery has also entered into an operating lease for the rental of its building payable to JPPSS in the amount of \$107 per student. The lease is for five (5) years commencing on July 1, 2013.

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

<i>For the Year Ended June 30,</i>	
2015	\$ 70,826
2016	83,345
2017	85,332
2018	94,588
	<u>\$ 334,091</u>



**Discovery Health Sciences Foundation, Inc.  
Notes to the Financial Statements**

**NOTE 9: SIGNIFICANT CONCENTRATIONS**

For the year ended June 30, 2014, Discovery received approximately 84% of its total revenue from state and local governments.

**NOTE 10: TEMPORARILY RESTRICTED NET ASSETS**

The total balance of temporarily restricted net assets reported in the Statement of Financial Position is available for the purpose of school activities.

**NOTE 11: UNCERTAIN TAX POSITIONS**

Accounting principles generally accepted in the United States of America require Discovery's management to evaluate tax positions taken by the Discovery and recognize a tax liability if Discovery has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Discovery's management has analyzed the tax positions taken by the Discovery, and has concluded that as of June 30, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Discovery is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**SCHEDULES REQUIRED BY STATE LAW  
(PERFORMANCE STATISTICAL DATA)**

## **Independent Accountants' Report on Applying Agreed-Upon Procedures**

Board of Directors  
Discovery Health Sciences Foundation, Inc.  
Baton Rouge, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Discovery Health Sciences Foundation, Inc. (a nonprofit organization) ("Discovery") 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 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 (BESE) Bulletin. Discovery 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, 2013.
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, 2013 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, 2013 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: Average Salaries (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, 2013 roll books for those classes and determined that the class was properly classified on the schedule.

#### iLEAP Tests (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School System.

We noted the following exceptions as a result of applying the above procedures:

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

##### **Finding:**

We noted one (1) instance where the teacher's reported education level was incorrect on the October 1, 2013 PEP report and one (1) instance where a teacher's certification was not valid as of October 1, 2013.

##### **Corrective Action Plan:**

Management will have a procedure in place that confirms that data presented in the PEP report agrees with the teacher's education level as reported in their personnel records. A final review of the PEP report will be performed by the CEO with emphasis on the Education Levels provided.

#### Public Staff Data: Average Salaries (Schedule K-5)

##### **Finding:**

We noted twenty-three (23) instances where the teacher's actual salary earned did not match the June 30, 2014 PEP report.

##### **Corrective Action Plan:**

Management will use fully accrued salary information on all future the PEP reporting. This information should agree with the reported salary information included in the fiscal year financial statements.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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, the Louisiana Department of Education, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs, & Ingram, LLC*

November 19, 2014

**Discovery Health Sciences Foundation, Inc.**  
**Schedule K1**

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND  
CERTAIN LOCAL REVENUE SOURCES  
FOR THE YEAR ENDED JUNE 30, 2014**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,113,846	
Other instructional staff activities	277,746	
Instructional Staff Employee benefits	291,199	
Purchased professional and technical services	19,397	
Instructional materials and supplies	256,595	
Less instructional equipment	<u>227,046</u>	
Total teacher and student interaction activities		\$ 2,185,829
Other instructional activities		<u>22,581</u>
Pupil support activities	257,180	
Less equipment for pupil support activities	<u>-</u>	
Net pupil support activities		<u>257,180</u>
Instructional Staff Services	114,467	
Less equipment for instructional staff services	<u>355</u>	
Net instructional staff services		<u>114,822</u>
School Administration	494,973	
Less: Equipment for School Administration	<u>3,744</u>	
Net School Administration		<u>498,717</u>
Total general fund instructional expenditures		<u>\$ 3,079,129</u>
Total general fund equipment expenditures		<u>\$ (231,145)</u>

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	<u>-</u>
Total local taxation revenue	<u>\$ -</u>
Local earnings on investment in real property:	
Earnings from 16th section property	\$ -
Earnings from other real property	<u>-</u>
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	<u>-</u>
Total state revenue in lieu of taxes	<u>\$ -</u>
Nonpublic textbook revenue	<u>\$ -</u>
Nonpublic transportation revenue	<u>\$ -</u>

**Discovery Health Sciences Foundation, Inc.**  
**Schedule K2**

**EDUCATION LEVELS OF PUBLIC SCHOOL STAFF  
AS OF OCTOBER 1, 2013**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	15.0	83%	3.0	60%	-	-	-	-
Master's Degree	1.0	6%	2.0	40%	-	-	-	-
Master's Degree +30	2.0	11%	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	1.0	100%	-	-
<b>Total</b>	<b>18.0</b>	<b>100%</b>	<b>5.0</b>	<b>100%</b>	<b>1.0</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

**NUMBER AND TYPE OF PUBLIC SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2014**

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Type	2014
	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

**EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT PRINCIPALS, AND  
FULL-TIME CLASSROOM TEACHERS  
AS OF OCTOBER 1, 2013**

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	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	10.0	1.0	5.0	3.0	-	1.0	3.0	23.0
Principals	-	-	-	-	-	-	1.0	1.0
Total	10.0	1.0	5.0	3.0	-	1.0	4.0	24.0

**PUBLIC SCHOOL STAFF DATA: AVERAGE SALARIES  
AS OF JUNE 30, 2014**

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2014	All Classroom Teachers	Classroom Teachers Excluding ROTC, rehired retirees, and flagged salary reductions
Average Classroom Teachers Salary Including Extra Compensation	\$42,950	\$42,950
Average Classroom Teachers Salary Excluding Extra Compensation	\$40,032	\$40,032
Number of Teacher Full- Time Equivalent (FTEs) used in Computation of Average Salaries	24.00	24.00

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 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.

**CLASS SIZE CHARACTERISTICS  
AS OF OCTOBER 1, 2013**

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School Type	Class Size Range							
	1 to 20		21 to 26		27 to 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	25%	24	69%	71	-	-	-	-
Elementary Activity Classes	-	-	92%	12	-	-	-	-
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.

Discovery Health Sciences Foundation, Inc.

Schedule K9

/ LEAP TESTS

For the Years Ended June 30, 2014, 2013, 2012

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	2	4%	6	13%	3	6%	-	0%
Mastery	17	35%	12	25%	11	23%	8	17%
Basic	18	38%	25	52%	21	44%	31	64%
Approaching Basic	8	17%	5	10%	12	25%	7	15%
Unsatisfactory	3	6%	-	0%	1	2%	2	4%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	-	0%	1	2%	-	0%	2	4%
Mastery	14	27%	5	10%	14	27%	11	22%
Basic	27	53%	42	82%	30	59%	30	58%
Approaching Basic	10	20%	3	6%	6	12%	6	12%
Unsatisfactory	-	0%	-	0%	1	2%	2	4%
<b>Total</b>	<b>51</b>	<b>100%</b>	<b>51</b>	<b>100%</b>	<b>51</b>	<b>100%</b>	<b>51</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	2	4%	4	8%	-	0%	5	10%
Mastery	19	40%	13	27%	19	40%	5	10%
Basic	16	33%	24	51%	22	46%	29	60%
Approaching Basic	9	19%	4	8%	5	10%	9	20%
Unsatisfactory	2	4%	3	6%	2	4%	-	0%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>

***GOVERNMENT AUDITING STANDARDS REPORTS***

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Directors  
Discovery Health Sciences Foundation, Inc.  
Kenner, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Discovery Health Sciences Foundation, Inc. (a nonprofit organization) ("Discovery"), which comprise the Statement of Financial Position as of June 30, 2014, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Discovery's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Discovery's internal control. Accordingly, we do not express an opinion on the effectiveness of the Discovery'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 Discovery's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 our audit

we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Discovery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 Discovery's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Discovery's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs, & Ingram, LLC*

November 19, 2014

**Discovery Health Sciences Foundation, Inc.**  
**Schedule of Findings and Responses**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Discovery Health Sciences Foundation, Inc. (a nonprofit organization) ("Discovery").
2. No significant deficiencies relating to the audit of financial statements and is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standard*.
3. No instances of noncompliance material to the financial statements of Discovery were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standard*.
4. No management letter was issued for the year ended June 30, 2014.

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

None noted



**Discovery Health Sciences Foundation, Inc.  
Summary Schedule of Prior Year Audit Findings**

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

None