

BENJAMIN E. MAYS PREPARATORY SCHOOL

FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Benjamin E. Mays Preparatory School
New Orleans, LA

We have audited the accompanying Statement of Financial Position of Benjamin E. Mays Preparatory School (a nonprofit organization) ("Mays Prep") as of June 30, 2012, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended. These financial statements are the responsibility of Mays Prep's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Mays Prep as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2012 on our consideration of Mays Prep'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Carr, Riggs & Ingram, LLC

October 16, 2012

FINANCIAL STATEMENTS

BENJAMIN E. MAYS PREPARATORY SCHOOL
STATEMENT OF FINANCIAL POSITION
June 30, 2012

	2012
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 460,361
Grants receivable	306,436
Prepaid expenses	21,451
Total Current Assets	788,248
Other Assets:	
Property and equipment, net	30,923
Total Other Assets	30,923
Total Assets	\$ 819,171
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	\$ 374,327
Accrued expenses	98,065
Total Liabilities	472,392
Net Assets:	
Unrestricted	346,779
Total Net Assets	346,779
Total Liabilities and Net Assets	\$ 819,171

See accompanying notes to financial statements.

BENJAMIN E. MAYS PREPARATORY SCHOOL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	2012
UNRESTRICTED NET ASSETS	
Public Support Revenues and Other Support	
Local per pupil aid	\$ 1,311,745
State public school funds	1,018,391
Federal sources	784,232
Donations and contributions	45,852
Total Public Support and Other Revenues	3,160,220
Expenses	
Program services:	
Instructional	1,398,277
Supporting services:	
Management and general	1,712,523
Total Expenses	3,110,800
Increase in Unrestricted Net Assets	49,420
Net assets at beginning of year	297,359
Net assets at end of year	\$ 346,779

See accompanying notes to financial statements.

BENJAMIN E. MAYS PREPARATORY SCHOOL
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

	2012
Cash Flows from Operating Activities:	
Increase in net assets	\$ 49,420
Depreciation expense	10,380
Increase in operating assets:	
Grants receivable	(133,768)
Prepaid expenses	(6,451)
Increase in operating liabilities:	
Accounts payable	121,759
Accrued expenses	59,128
Net cash provided by operating activities:	100,468
Net increase in cash and cash equivalents	100,468
Cash and Cash Equivalents, Beginning of Year	359,893
Cash and Cash Equivalents, End of Year	\$ 460,361

See accompanying notes to financial statements.

BENJAMIN E. MAYS PREPARATORY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

Expenses:	<u>Instructional</u>	<u>Management And General</u>	<u>Total</u>
Salaries and benefits	\$ 1,093,106	\$ 470,720	\$ 1,563,826
Professional services	166,103	249,556	415,659
Bus service	-	302,500	302,500
Food service	-	251,569	251,569
Purchased property services	-	214,600	214,600
Supplies	112,672	92,430	205,102
Dues and fees	-	48,397	48,397
Insurance	-	22,620	22,620
Miscellaneous expenses	-	20,291	20,291
Telephone and postage	5,604	12,961	18,565
Textbooks	13,935	-	13,935
Printing	-	12,986	12,986
Depreciation	-	10,380	10,380
Furniture and fixtures	6,857	2,868	9,725
Interest expense	-	393	393
Advertising	-	232	232
Travel	-	20	20
Total Expenses	<u>\$ 1,398,277</u>	<u>\$ 1,712,523</u>	<u>\$ 3,110,800</u>

See accompanying notes to financial statements.

BENJAMIN E. MAYS PREPARATORY SCHOOL
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Benjamin E. Mays Preparatory School (a nonprofit organization) ("Mays Prep") was incorporated in the fall of 2009 for the purpose of operating a charter school in New Orleans, Louisiana. Mays Prep is a college preparatory, open-enrollment charter school whose mission is to prepare every student for success in high school, college, and beyond; providing the children of New Orleans with education that rivals the area's most highly regarded public and private schools. The State Board of Elementary and Secondary Education granted Mays Prep a Type 5 charter to operate Benjamin E. Mays Preparatory School.

Basis of Accounting

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

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. 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. Mays Prep's maintains a capitalization threshold of the value of a bulk order of like items that exceed \$5,000 or any one item that exceeds \$1000. Depreciation is computed on the straight-line method over the estimated useful lives of the related depreciable assets over the following useful lives:

Computers	5 years
Office/classroom equipment	5 years
Office/classroom furniture	7 years
Leasehold improvements	Life of lease or 5 years, whichever is greater
Musical instruments	3 years

Income Tax Status

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

BENJAMIN E. MAYS PREPARATORY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue

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

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

Mays Prep recognizes revenue for Food Services which is included in Local Support. The revenue is directly given to Louisiana Recovery School District ("RSD"). RSD handles all the food services at Mays Prep. RSD will send monthly invoices to Mays Prep showing the amount the grant revenue covered and the difference that Mays Prep is obligated to pay. The revenue and expense incurred by this grant was \$195,120 for the year ended June 30, 2012.

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

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

Grants receivable make up a significant portion of Mays Prep's current assets. Mays Prep management has determined these receivables are fully collectible as of June 30, 2012, and therefore no allowance for uncollectible accounts has been recorded.

Estimates

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

BENJAMIN E. MAYS PREPARATORY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Basis of Presentation

Mays Prep follows the provisions of the *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 the classification of resources into three separate classes of net assets, as follows:

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

Subsequent Events

Subsequent events have been evaluated by management through October 16, 2012, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

Mays Prep 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, 2012. At times, the balance may exceed the federally insured amount. Additionally, in accordance with Dodd-Frank Insurance Provision, non-interest bearing transaction accounts are fully insured by the FDIC. This provision is effective from December 31, 2010 through December 31, 2012.

NOTE 3 - RETIREMENT PLANS

The majority of Mays Prep's employees are participants in an employer sponsored 401(k) retirement plan. Covered employees may elect to contribute a portion of their salaries to the plan. Mays Prep made contributions totaling \$16,713 to the plan for the year ended June 30, 2012.

BENJAMIN E. MAYS PREPARATORY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2012, consist of the following:

Computers	\$ 16,841
Office Furniture	35,580
Library Assets	9,642
Less: Accumulated Depreciation	<u>(31,140)</u>
Property and Equipment, net	<u>\$ 30,923</u>

Depreciation expense was \$10,380 for each of the year ended June 30, 2012.

NOTE 5 - LEASE AGREEMENT

Mays Prep has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the use of Carver Elementary's buildings and grounds as school facilities. Mays Prep is responsible for the payment of utilities, janitorial and sanitation, disposal services, and property taxes. There is no formal written lease agreement and therefore no amounts have been recognized as donated facilities.

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

NOTE 6 – OPERATING LEASE AGREEMENT

Mays Prep entered into three (3) operating leases for the rental of three (3) copiers. The three (3) leases are for thirty-six (36) months. Rental payments under these leases were approximately \$12,200 for the year ended June 30, 2012.

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

2013	\$ 8,840
2014	6,869
	<u>\$ 15,709</u>

BENJAMIN E. MAYS PREPARATORY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 7 – SIGNIFICANT CONCENTRATIONS

For the year ending June 30, 2012, Mays Prep received approximately 25% of its total revenue from federal sources and approximately 74% of its total revenue from State and public school funds.

NOTE 8 – UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require Mays Prep's management to evaluate tax positions taken by Mays Prep and recognize a tax liability if Mays Prep has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Mays Prep's management has analyzed the tax positions taken by Mays Prep, and has concluded that as of June 30, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Mays Prep is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Mays Prep's management believes it is no longer subject to income tax examinations for years prior to 2009.

NOTE 9 – SUBSEQUENT EVENT

Subsequent to the date of this report, the Board of Elementary and Secondary Education voted and approved to revoke Mays Prep's charter at the end of the fiscal year 2013.

PERFORMANCE STATISTICAL DATA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Benjamin E. Mays Preparatory School
New Orleans, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Benjamin E. Mays Preparatory School (a nonprofit organization) ("Mays Prep") 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 Mays Prep 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. Mays Prep 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 Principals, Assistant Principals, and Full-Time Classroom Teachers (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 supporting payroll records as of October 1, 2011.
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, 2011 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, 2011 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 School Staff Data (Schedule K-5)

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

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2011 roll books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule K-7)

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

Integrated Louisiana Educational Assessment Program (iLEAP) (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:

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

Finding:

We noted two (2) instances where the employee years of experience were incorrect. The two (2) teachers were both listed as having zero (0) years of experience, but their personnel files indicated they had 5 and 7 years of experience, respectively.

Corrective Action Plan:

Mays Prep concurs with the finding noted. Management will implement additional procedures surrounding personnel files to ensure and improve internal controls regarding reporting correct information in the future.

Public School Staff Data (Schedule K-5)

Finding:

We noted two (2) instances where a teacher's reported salary was incorrect per the June 30, 2012 PEP report. The salaries reported on the June 30, 2012 PEP report were the contract salary, however both of these teachers did not work a full year and the actual salary paid was less than reported.

Corrective Action Plan:

Mays Prep concurs with the finding noted. Management will implement additional procedures surrounding the PEP report to ensure and improve internal controls regarding reporting correct information in the future.

Public School Staff Data (Schedule K-5)

Finding:

We noted eight (8) instances where an employee's employee type was incorrect on the October 1, 2011 and June 30, 2012 PEP report. The employees were recorded as full time when they should have been recorded as part time.

Corrective Action Plan:

Mays Prep concurs with the finding noted. Management will implement additional procedures surrounding the PEP report to ensure and improve internal controls regarding reporting correct information in the future.

Public School Staff Data (Schedule K-5)

Finding:

We noted two (2) instances where a teacher's reported annual minutes worked were incorrect per the June 30, 2012 PEP report. The annual minutes reported on the June 30, 2012 PEP report was the contract amount, however both of these teachers did not work a full year and the actual minutes worked were less than reported.

Corrective Action Plan:

Mays Prep concurs with the finding noted. Management will implement additional procedures surrounding the PEP report to ensure and improve internal controls regarding reporting correct information in the future.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Benjamin E. Mays Preparatory School, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

October 16, 2012

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

Schedule K-1

**General Fund Instructional and Support Expenditures
Certain Local Revenue Sources
For the Year Ended June 30, 2012**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 675,065
Other Instructional Staff Activities	7,604
Instructional Staff Employee Benefits	162,726
Purchased Professional and Technical Services	103,379
Instructional Materials and Supplies	105,428
Less: Instructional Equipment	4,727
Total Teacher and Student Interaction Activities	<u>\$ 1,058,929</u>
Other Instructional Activities	
Pupil Support Activities	\$ 90,734
Less: Equipment for Pupil Support Activities	-
Net Pupil Support Activities	<u>\$ 90,734</u>
Instructional Staff Services	\$ 19,678
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	<u>\$ 19,678</u>
General Administration	\$ 7,509
Less: Equipment for General Administration	-
Net General Administration	<u>\$ 7,509</u>
School Administration	\$ 396,842
Less: Equipment for School Administration	-
Net School Administration	<u>\$ 396,842</u>
Business Services	\$ 134,974
Less: Equipment for Business Services	10,380
Net Business Services	<u>\$ 145,354</u>
Operation & Maintenance of Plant Services	\$ 276,533
Less: Equipment for Operation & Maintenance of Plant Services	-
Net Operation & Maintenance of Plant Services	<u>\$ 276,533</u>
Student Transportation	\$ 297,000
Less: Equipment for Student Transportation	-
Net Student Transportation	<u>\$ 297,000</u>
Central Services	\$ 1,904
Less: Equipment for Central Services	-
Net Central Services	<u>\$ 1,904</u>
Food Service Operations	\$ 56,451
Less: Equipment for Food Service Operations	-
Net Food Service Operations	<u>\$ 56,451</u>
Total General Fund Expenditures	<u>\$ 2,350,934</u>
Total General Fund Equipment Expenditures	<u>\$ (15,107)</u>

Certain Local Revenue Sources:

This section is not applicable to charter schools.

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

Schedule K-2

**Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2011**

Category	Full-time Classroom Teachers			
	Certificated		Uncertificated	
	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-
Bachelor's Degree	7.0	64%	4.0	66%
Master's Degree	3.0	27%	1.0	17%
Master's Degree +30	-	-	-	-
Specialist in Education	-	-	-	-
Ph. D. or Ed. D.	1.0	9%	1.0	17%
Total	11.0	100%	6.0	100%

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

Schedule K-3

**Number and Type of Public Schools
For the Year Ended June 30, 2012**

Type	2012
	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

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

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

Schedule K-4

**Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2011**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.
Assistant Principals	-	-	-	-
Classroom Teachers	9.0	4.0	3.0	1.0
Principals	-	-	2.0	-
Total	9.0	4.0	5.0	1.0

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

Schedule K-5

**Public School Staff Data
For the Year Ended June 30, 2012**

2010	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$46,874	\$46,874
Average Classroom Teacher's Salary Excluding Extra Compensation	\$46,874	\$46,874
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	16	16

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

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

Schedule K-6

Class Size Characteristics

As of October 1, 2011

School Type	Class Size Range			
	1 - 20		21 - 26	
	Percent	Number	Percent	Number
Elementary	36%	30	50%	42
Elementary Activity Classes	36%	10	50%	14
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.

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

Schedule K-7

**Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2012**

District Achievement Level Results	English		
	2012		2008
Students	Number	Percent	Number
Grade 4			
Advanced	-	0%	-
Mastery	5	7%	-
Basic	21	28%	-
Approaching Basic	17	22%	-
Unsatisfactory	33	43%	-
Total	76	100%	0

**BENJAMIN E. MAYS PREPARATORY SCHOOL
NEW ORLEANS, LOUISIANA**

SCHEDULE K-9

Integrated Louisiana Educational Assessment Program (iLEAP)

For the Years Ended June 30, 2010, 2011, 2012

District Achievement Level Results	English			
	2012		2011	
Students	Number	Percent	Number	Percent
Grade 3				
Advanced	-	0%	-	0%
Mastery	4	10%	2	4%
Basic	22	52%	13	28%
Approaching Basic	13	31%	18	40%
Unsatisfactory	3	7%	13	28%
Total	42	100%	46	100%

District Achievement Level Results	English			
	2012		2011	
Students	Number	Percent	Number	Percent
Grade 5				
Advanced	-	0%	-	0%
Mastery	-	0%	-	0%
Basic	6	32%	-	0%
Approaching Basic	1	5%	-	0%
Unsatisfactory	12	63%	-	0%
Total	19	100%	-	0%

**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
Benjamin E. Mays Preparatory School
New Orleans, Louisiana

We have audited the financial statements of Benjamin E. Mays Preparatory School (a nonprofit organization) (“Mays Prep”), as of and for the year ended June 30, 2012 and have issued our report thereon dated October 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Mays Prep is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Mays Prep’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mays Prep’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mays Prep’s internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Carr, Riggs & Ingram, LLC

October 16, 2012

**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
Benjamin E. Mays Preparatory School
New Orleans, Louisiana

Compliance

We have audited Benjamin E. Mays Preparatory School's (a nonprofit organization) ("Mays Prep") 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 Mays Prep's major federal programs for the year ended June 30, 2012. Mays Prep's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Mays Prep's management. Our responsibility is to express an opinion on Mays Prep's compliance based on our audit.

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

In our opinion Mays Prep complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Mays Prep is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Mays Prep's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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, we do not express an opinion on the effectiveness of Mays Prep's internal control over compliance.

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

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

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

Carr, Riggs & Ingram, LLC

October 16, 2012

BENJAMIN E. MAYS PREPARATORY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

<u>Federal Grantor/ Program Title/ Pass-Through Grantor</u>	Federal	<u>CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>			
<i>Passed-through Louisiana Department of Education:</i>			
Title I Grants to Local Educational Agencies (LEAs)*		84.010	\$ 228,687
Title II Improving Teacher Quality State Grants		84.367	11,900
Special Education - Grants to States (IDEA, Part A)		84.027	55,393
Special Education - Grants to States (IDEA, Preschool)		84.173	1,472
Special Education – Grants to States (IDEA ARRA)		84.391	13,651
Public School Charter Program		84.282	111,195
School Improvement Grants (ARRA)		84.388	166,195
Education Jobs Supplement		84.410	<u>619</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 589,112</u>
<u>U.S. Department of Agriculture:</u>			
School Breakfast Program*		10.553	58,598
National School Lunch Program*		10.555	107,161
After School Snacks		10.558	<u>29,361</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 195,120</u>
TOTAL SCHEDULE OF FEDERAL AWARDS			<u>\$ 784,232</u>

*Identified as a major program.

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

BENJAMIN E. MAYS PREPARATORY SCHOOL
NOTE TO SCHEDULE OF EXPENTITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

NOTE 1 - BASIS OF ACCOUNTING

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

BENJAMIN E. MAYS PREPARATORY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

- The auditor's report expresses an unqualified opinion on the financial statements of Mays Prep.
- No instances of noncompliance material to the financial statements of Mays Prep were disclosed and identified during the audit.
- No significant deficiencies relating to the audit were noted in the *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*.
- The *Report on Compliance with Requirements Applicable that could have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
- There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- A management letter was not issued for the year ended June 30, 2012.
- The programs tested as a major program for the year ended June 30, 2012 were:

<u>Program Title</u>	<u>CFDA No.</u>
Grants to Local Educational Agencies	84.010
Child Nutrition Cluster	10.553, 10.555

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

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to the financial statements for the year ended June 30, 2012.

BENJAMIN E. MAYS PREPARATORY SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Finding 2011-2 Reimbursement and Recording of Expenses

Current Year Status – Resolved.

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

Finding 2011-1 Lack of Supporting Documentation for Expenditures

Current Year Status – Resolved.

SECTION III – MANAGEMENT LETTER

Not applicable.