

PELICAN EDUCATIONAL FOUNDATION, INC.**(A nonprofit organization)****FINANCIAL STATEMENTS****For the Year Ended June 30, 2012**

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 09 2013**

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Carr, Riggs & Ingram, LLC
3501 North Causeway Boulevard
Suite 810
Metairie, Louisiana 70002

(504) 837-9116
(504) 837-0123 (fax)
www.cricpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have audited the accompanying Statement of Financial Position of Pelican Educational Foundation, Inc. (a nonprofit organization) (the "Foundation") as of June 30, 2012, and the related Statements of Activities, Cash Flows and Functional Expenses for the year then ended. These financial statements are the responsibility of the Foundation'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 2012 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2012, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the Foundation recorded prior period adjustments in 2012 that related to correction of errors that occurred in 2011 but were discovered in 2012. Had the errors not been made, the net assets reported on the 2011 financial statements would have decreased by \$545,417.

In accordance with *Government Auditing Standards* we have also issued our report dated December 5, 2012 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Carr, Riggs & Ingram, LLC

December 5, 2012

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2012

ASSETS

Current Assets:

Cash and cash equivalents	\$ 716,039
Grants receivable	40,683
Prepaid expenses	<u>12,566</u>

Total Current Assets 769,288

Non-Current Assets:

Property and equipment, net of accumulated depreciation	<u>177,611</u>
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Total Assets \$ 946,899

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 541,052
Accrued expenses	<u>337,359</u>

Total Current Liabilities 878,411

Total Liabilities 878,411

Net Assets:

Unrestricted	<u>68,488</u>
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Total Net Assets 68,488

Total Liabilities and Net Assets \$ 946,899

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

UNRESTRICTED NET ASSETS

Public Support and Other Revenues

Local sources	\$ 2,871,839
State sources	2,115,387
Federal sources	<u>353,524</u>

Total Support, Revenues and Reclassifications	<u>5,340,750</u>
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Expenses

Program services:	
Instructional	2,449,320
Supporting services:	
Management and general	2,935,366
Non-Instructional services:	
Other services	<u>110,915</u>

Total Expenses	<u>5,495,601</u>
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Decrease in Unrestricted Net Assets	<u>(154,851)</u>
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Net assets at beginning of fiscal year, as previously reported	<u>768,756</u>
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Prior period adjustment - correction of errors	(545,417)
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Net assets at beginning of fiscal year, as corrected	<u>223,339</u>
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Net assets at end of fiscal year	<u><u>\$ 68,488</u></u>
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See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

Cash Flows from Operating Activities:	
Decrease in net assets	\$ (154,851)
Depreciation expense	36,533
Decrease in operating assets:	
Accounts receivable	212,259
Prepaid expenses	(12,566)
Increase (decrease) in operating liabilities:	
Accounts payable	(310,944)
Accrued expenses	(153,067)
Other payables	<u>(127,440)</u>
Net cash used by operating activities	<u>(510,076)</u>
Cash Flows from Investing Activities:	
Disposition of assets	<u>126,796</u>
Net cash used by investing activities	<u>126,796</u>
Net decrease in cash and cash equivalents	(383,280)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>1,099,319</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 716,039</u>

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>	<u>NON- INSTRUCTIONAL SERVICES</u>	<u>Total</u>
	<u>Instructional</u>	<u>Management And General</u>	<u>Other Services</u>	
Expenses:				
Regular education programs	\$ 2,031,375	\$ -	\$ -	\$ 2,031,375
General administration	-	796,094	-	796,094
Student transportation	-	651,850	-	651,850
Operation and maintenance of plant services	-	614,116	-	614,116
School administration	-	540,495	-	540,495
Special education programs	385,127	-	-	385,127
Instructional staff services	-	129,440	-	129,440
Pupil support services	-	126,353	-	126,353
Food services	-	-	110,915	110,915
Business services	-	67,226	-	67,226
Other instructional programs	32,818	-	-	32,818
Central services	-	9,792	-	9,792
	<u>\$ 2,449,320</u>	<u>\$ 2,935,366</u>	<u>\$ 110,915</u>	<u>\$ 5,495,601</u>

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pelican Educational Foundation, Inc. (a nonprofit organization) (the “Foundation”) was created as a non-profit corporation under the laws of the State of Louisiana, on November 4, 2005. The Foundation applied to the Louisiana State Board of Elementary and Secondary Education (“BESE”) to operate Abramson Science & Technology Charter School, a Type 5 charter school as defined in Louisiana R.S. 17:3971, et. seq. Abramson Science & Technology Charter School serves eligible students in grades kindergarten through twelfth grade, primarily in Orleans Parish. On March 12, 2009, the Board of Elementary and Secondary Education approved Pelican Educational Foundation, Inc.’s application to transform Kenilworth Middle, a consistently failing public school in East Baton Rouge Parish, into a high-performing college-preparatory science and technology oriented charter school. Kenilworth Science & Technology Charter School (Kenilworth) began their first year of school on August 7, 2009.

On August 6, 2011, the Recovery School District revoked the Foundation’s charter to operate Abramson Science and Technology School.

The Foundation operates under the direction of a seven member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Foundation’s instructional/support facility staffed by 45 personnel who provide services to 475 students.

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).

Income Tax Status

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

· PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue

The Foundation 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 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 Statement 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.

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.

Basis of Presentation

The Foundation 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 basis financial statements and classification of resources into three separate categories of net assets, as follows:

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	30-15 years
Furniture and fixtures	7 years
Office and classroom equipment	5 years

Assets acquired with Department of Education funds are owned by the Foundation while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Subsequent Events

Subsequent events have been evaluated through December 5, 2012, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Foundation maintains its cash balance at a single 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 during the year, 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.

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 3 - PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows:

	<u>2012</u>
Building and improvements	\$ 104,900
Furniture and fixtures	86,822
Office and classroom equipment	89,430
Less accumulated depreciation	<u>(103,541)</u>
Net carrying amount	<u>\$ 177,611</u>

Depreciation expense was \$36,533 for the year ended June 30, 2012.

NOTE 4 - RETIREMENT PLAN

Employees of the Foundation are eligible to participate in the defined contribution plan administered by American United Life. The plan is a 403(b) defined contribution plan. Employees are allowed to make contributions during the year subject to limitations imposed by the IRS. The Foundation provides an Employer matching contribution of 5% of the employee's salary. Employer contributions made during the year amounted to approximately \$95,000.

NOTE 5 - COMPENSATED ABSENCES

All contracted employees are granted eight (8) days of sick pay per year, provided, however, that the employee is contracted for a full year. At June 30, 2012, the Foundation paid each employee any unused sick pay.

NOTE 6 - CONTINGENCIES

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

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 7 – LEASE AGREEMENT

During the fiscal year ended June 30, 2012, the Foundation leased a building from the Recovery School District (RSD) for Abramson Science and Technology School and leased a building from the East Baton Rouge Parish School Board (EBRPSB) for Kenilworth Science and Technology Charter School absent lease agreements. The RSD and EBRPSB will forego any lease payments for the term of the leases. Effective August 6, 2011, RSD revoked the Foundation's charter to operate Abramson Science and Technology School, and is now operating the building.

NOTE 8 – MANAGEMENT AGREEMENT

The Foundation entered into a Supportive Service Agreement (Agreement) with a nonprofit corporation (Corporation) on July 1, 2011. The Agreement terminates June 30, 2012. The Agreement between the Foundation and the Corporation requires the Corporation to provide advisory, consulting, and support services to the Foundation. The Agreement requires the Foundation to compensate the Corporation 5% of all new funding received from the State as a result of the Corporation's performance under the Agreement. For the year ended June 30, 2012, the Corporation waived the 5% requirement. The Foundation paid the Corporation approximately \$55,000 for the year ended June 30, 2012. As of the date of this report, the Agreement has not been renewed.

NOTE 9 – SIGNIFICANT CONCENTRATIONS

For the year ended June 30, 2012, the Foundation received approximately 54% of its total revenue from local sources and approximately 40% of its total revenue from state public school funds.

NOTE 10 – UNCERTAIN TAX POSITIONS

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

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

The Foundation recorded prior period adjustments in 2012 related to correction of errors that occurred in 2011 but were discovered in 2012. The adjusting entries were primarily related to timing issues for expenses and receipts of revenues. The entries were charged to beginning unrestricted net assets. Had the errors not occurred, the net assets reported on the 2011 financial statements would have decreased \$545,417.

PERFORMANCE STATISTICAL DATA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pelican Educational 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 Pelican Educational Foundation, Inc. (a nonprofit organization) (the "Foundation") 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 Foundation 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. The Foundation 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)

- I. 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 board 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 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:

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

Finding:

We noted one (1) instance where the employee education level was incorrect. The employee was listed as having a Bachelor's degree per the October 1, 2011 PEP report, but their personnel file indicated they had a Master's degree as of October.

Corrective Action Plan:

The Foundation believes the instance was a clerical mistake. The Foundation will designate an additional person to conduct multiple checks to make sure all data is entered correctly.

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

Finding:

We noted three (3) instances where the employees' certification numbers were expired per the October 1, 2011 PEP report.

Corrective Action Plan:

The Foundation will review employees' certification numbers and update in our system. Also, the Foundation will designate an additional person to conduct multiple checks to make sure all data is entered correctly.

Public School Staff Data (Schedule K-5)

Finding:

We noted one (1) instance where the employee's annual minutes and salary were incorrect per the June 30, 2012 PEP report.

Corrective Action Plan:

The Foundation believes the instance was a clerical mistake. The Foundation will designate an additional person to conduct multiple checks to make sure all data is entered correctly.

Public School Staff Data (Schedule K-5)

Finding:

We noted twenty-five (25) instances where teachers' reported salary did not include all extra compensation per the June 30, 2012 PEP report. Any amount of salary paid in the current fiscal year for the completion of assigned additional duties is considered extra compensation. Extra compensation should be included in the June 30, 2012 PEP report with a Type 2 designation. Also, bonuses should be included with the base salary amount and be reported on the June 30, 2012 PEP report as a Type 1 designation.

Corrective Action Plan:

Due to the Foundation operating only one (1) school instead of two (2), the Foundation had significant personnel changes in the prior year. The new person in charge of PEP was unaware this information should be entered. Next year, the Foundation will designate an additional person to conduct multiple checks to make sure all data is entered correctly.

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 the Foundation, 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

December 5, 2012

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, 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	\$	1,195,390
Other instructional staff activities		50,900
Employee benefits		350,757
Purchased professional and technical services		35,993
Instructional materials and supplies		92,160
Less instructional equipment		-
Total teacher and student interaction activities		<u>\$ 1,725,200</u>
Other instructional activities		29,741
Pupil support activities	\$	126,012
Less equipment for pupil support activities		-
Net pupil support activities		<u>126,012</u>
Instructional Staff Services	\$	37,141
Less equipment for instructional staff services		-
Net instructional staff services		<u>37,141</u>
School Administration	\$	538,283
Less: Equipment for School Administration		-
Net school administration		<u>538,283</u>
Total general fund instructional expenditures		<u>\$ 2,456,377</u>
Total general fund equipment expenditures		<u>\$</u>

Certain Local Revenue Sources:

This section is not applicable to Pelican Educational Foundation, Inc.

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

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	22	88%	4	67%	1	50%	1	50%
Master's Degree	3	12%	2	33%	1	50%	1	50%
Master's Degree +30	-	0%	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	25	100%	6	100%	2	100%	2	100%

**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.

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

Schedule K-4

**Experience Levels 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.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	1	2	-	-	-	-	3
Classroom Teachers	16	11	3	1	-	-	-	31
Principals	-	-	1	-	-	-	-	1
Total	16	12	6	1	-	-	-	35

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

Schedule K-5

**Public School Staff Data
2011-2012 School Year**

	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 43,261	\$ 43,261
Average Classroom Teacher's Salary Excluding Extra Compensation	\$ 42,293	\$ 42,293
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	31	31

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.

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

Schedule K-6

**Class Size Characteristics
As of October 1, 2011**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	35%	56	65%	105	-	-	-	-
Elementary Activity Classes	32%	14	68%	30	-	-	-	-
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. The schedule as of October 1, 2011 contains all available classes.

PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, 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						Mathematics						Science						Social Studies									
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010					
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent				
Grade 8																												
Advanced	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	1	1%	-	0%	-	0%	-	0%	-	0%	-	0%		
Mastery	3	3%	12	10%	5	4%	2	2%	2	2%	2	2%	10	8%	6	5%	5	4%	4	3%	4	3%	4	3%	3	2%		
Basic	56	47%	43	36%	44	35%	64	53%	48	40%	41	33%	38	31%	36	30%	23	18%	52	43%	40	33%	36	29%	36	29%		
Approaching Basic	48	40%	50	41%	58	47%	40	33%	44	36%	52	42%	51	43%	41	34%	57	45%	39	33%	34	28%	53	42%	53	42%		
Unsatisfactory	13	10%	16	13%	18	14%	14	12%	27	22%	30	23%	21	18%	37	30%	41	33%	25	21%	43	36%	43	36%	34	27%		
Total	120	100%	121	100%	125	100%	120	100%	121	100%	125	100%	120	100%	121	100%	126	100%	120	100%	120	100%	121	100%	126	100%	126	100%

Integrated Louisiana Educational Assessment Program (ILEAP)
For the Years Ended June 30, 2010, 2011, 2012

District Achievement Level Results	English						Mathematics						Science						Social Studies						
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 6																									
Advanced	-	0%	-	0%	2	1%	-	0%	1	1%	-	0%	-	0%	-	0%	-	0%	1	1%	2	2%	2	2%	
Mastery	8	4%	6	6%	4	3%	10	6%	6	6%	6	4%	4	2%	3	3%	7	5%	6	4%	4	4%	7	5%	
Basic	84	52%	47	44%	72	51%	88	54%	52	49%	81	57%	65	40%	36	34%	53	37%	68	41%	33	31%	49	34%	
Approaching Basic	55	34%	32	30%	44	31%	25	15%	34	32%	31	22%	66	40%	50	47%	58	41%	58	36%	41	39%	52	36%	
Unsatisfactory	16	10%	21	20%	20	14%	40	25%	13	12%	23	17%	28	18%	17	16%	24	17%	30	18%	26	24%	33	23%	
Total	163	100%	106	100%	142	100%	163	100%	106	100%	143	100%	163	100%	106	100%	142	100%	163	100%	106	100%	143	100%	

District Achievement Level Results	English						Mathematics						Science						Social Studies						
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 7																									
Advanced	1	1%	-	0%	-	0%	1	1%	-	0%	1	1%	1	1%	-	0%	1	1%	1	1%	-	0%	1	1%	
Mastery	6	4%	7	6%	8	6%	10	7%	7	6%	5	4%	19	14%	7	6%	10	8%	13	10%	2	2%	7	5%	
Basic	75	55%	60	50%	46	35%	82	60%	59	49%	63	48%	62	46%	59	49%	43	33%	60	43%	63	53%	40	30%	
Approaching Basic	32	24%	43	36%	50	38%	27	20%	37	31%	41	30%	39	28%	37	32%	54	41%	34	25%	21	18%	37	28%	
Unsatisfactory	22	16%	10	8%	28	21%	16	12%	17	14%	22	17%	15	11%	17	13%	24	17%	28	21%	34	27%	47	36%	
Total	136	100%	120	100%	132	100%	136	100%	120	100%	132	100%	136	100%	120	100%	132	100%	136	100%	120	100%	132	100%	

GOVERNMENT AUDITING STANDARDS REPORT

**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
Pelican Educational Foundation, Inc.
New Orleans, Louisiana

We have audited the financial statements of Pelican Educational Foundation, Inc. (a nonprofit organization) (the "Foundation"), as of and for the year ended June 30, 2012 and have issued our report thereon dated December 5, 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 the Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Foundation'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 the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described below to be material weaknesses.

2012 - 01 Reconciliation of Grants Receivable and Revenues Accounts to Supporting Documents:

Observation:

We noted accounts receivable and revenue general ledger accounts did not agree to supporting documentation as the accounts were not properly reconciled to the general ledger. Additionally, we noted prior period adjusting entries related to accounts receivable and revenues that were proposed by outside auditors and agreed to by management were not recorded in the accounting system.

Recommendation:

In order to make the financial reports generated by the accounting system as meaningful as possible, the Foundation should reconcile the general ledger accounts for grants receivable and revenues to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. This includes ensuring adjusting entries proposed by outside auditors and agreed to by management are recorded in the accounting system.

Corrective Action Plan

Due to the Foundation operating only one (1) school instead of two (2), the Foundation had significant personnel changes in the prior year which the Foundation believes caused the problem. The Foundation will hire a local CPA to do monthly internal audits, reconciliations and adjustments.

2012 - 02 Reconciliation of Accounts Payable, Accrued Expenses, and Operating Expenses:

Observation:

We noted instances in which accounts payables, accrued expenses and operating expenses did not agree to supporting documentation, were not recorded in the correct period. Additionally, we noted prior period adjusting entries related to accounts payable, accrued expenses, and operating expenses that were proposed by outside auditors and agreed to by management were not recorded in the accounting system.

Recommendation:

A reconciliation of accounts payable from the general ledger to the outstanding accounts payable register should be prepared to determine that all additions to and payments of accounts payable are correctly recorded and to determine whether there are any disputed items. Additionally, payables should be recorded in the period in which the goods or services are received in order to reflect proper cutoff and ensure that the financial statements are complete with respect to accounts payable and accrued expenses. The Foundation records a payable only after the invoice

and purchase order is matched to the receiving slip; hence goods or services can be received for which no payable is recorded. In year-end closing procedures, we recommend that the Foundation identify all unmatched purchase orders, receiving reports, and invoices to determine expenses for which a payable should be recorded. Additionally, the Foundation should identify any other items requiring accrual. This includes ensuring adjusting entries proposed by outside auditors and agreed to by management are recorded in the accounting system.

Corrective Action Plan

Due to the Foundation operating only one (1) school instead of two (2), the Foundation had significant personnel changes in the prior year which the Foundation believes caused the problem. The Foundation will hire a local CPA to do monthly internal audits, reconciliations and adjustments.

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. We consider the deficiencies described below to be significant deficiencies.

2012 - 03 Inventory and Fixed Assets Detailed Records Not Up-to-date:

Observation:

We noted that updated records for property and equipment items are not being maintained.

Recommendation:

The establishment of updated subsidiary records will assist the Foundation in maintaining control over individual assets, and provide a means whereby information pertinent to the property and equipment assets can be kept up to date. A physical count of property should be periodically taken, compared to the items carried on the detailed subsidiary records of property and equipment, and significant differences investigated. Such physical counts will help detect the loss or unauthorized use of valuable property. Additionally, the Foundation should follow its capitalization policy and record only those items that meet the capitalization threshold and properly expense the other items.

Corrective Action Plan

Due to the Foundation operating only one (1) school instead of two (2), the Foundation had significant personnel changes in the prior year which the Foundation believes caused the problem. The Foundation will hire a local CPA to do monthly internal audits, reconciliations and adjustments.

2012 - 04 Record Depreciation:

Observation:

We noted during the year the Foundation does not record depreciation expense.

Recommendation:

Depreciation expense should be recorded at a minimum at fiscal year financial statement closing.

Corrective Action Plan

Due to the Foundation operating only one (1) school instead of two (2), the Foundation had significant personnel changes in the prior year which the Foundation believes caused the problem. The Foundation will hire a local CPA to do monthly internal audits, reconciliations and adjustments.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

2012 - 05 Potential Misuse of Public Funds

Observation:

During our audit procedures we noted the Foundation spent \$8,630 on student incentives in the form of gifts for the year ended June 30, 2012. These gifts were given to students who achieved high scores on the LEAP Test.

Recommendation:

Article 7, Section 14 of the Louisiana Constitution of 1974, provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Examples of prohibited use of public funds include payments for Christmas turkeys and/or luncheons for employees, and attorney retainer fees. However, the constitution does provide for other situations in which a donation is allowed, but under certain conditions. If the Foundation would like to continue this practice, it is recommended the Foundation seek an opinion from the state Attorney General.

Corrective Action Plan

The Foundation will seek an opinion from the state Attorney General, based on the opinion, the Foundation will either find a different funding source to pay for these expenses or discontinue this practice.

This report is intended solely for the information and use of management, the Board of Directors, 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

December 5, 2012

PELICAN EDUCATIONAL FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2012

Current status of prior year findings:

2011-01 Timely Filing of Audit Report: Resolved

2011-02 Uncertainty Related to Subpoena: Resolved – no further information requested on this matter

SUPPLEMENTAL INFORMATION

PELICAN EDUCATIONAL FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2012

	Abramson Science and Technology	Kenilworth Science and Technology	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 200,201	\$ 515,838	\$ 716,039
Grants receivable	-	40,683	40,683
Prepaid expenses	-	12,566	12,566
	<u>200,201</u>	<u>569,087</u>	<u>769,288</u>
Total Current Assets			
Non-Current Assets:			
Property and equipment (net of depreciation)	-	177,611	177,611
	<u>-</u>	<u>177,611</u>	<u>177,611</u>
Total Assets			
	<u>\$ 200,201</u>	<u>\$ 746,698</u>	<u>\$ 946,899</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 314,722	\$ 226,330	\$ 541,052
Accrued expenses	-	337,359	337,359
	<u>314,722</u>	<u>563,689</u>	<u>878,411</u>
Total Current Liabilities			
	<u>314,722</u>	<u>563,689</u>	<u>878,411</u>
Total Liabilities			
	<u>314,722</u>	<u>563,689</u>	<u>878,411</u>
Net Assets:			
Unrestricted (Deficit)	(114,521)	183,009	68,488
	<u>(114,521)</u>	<u>183,009</u>	<u>68,488</u>
Total Net Assets			
	<u>(114,521)</u>	<u>183,009</u>	<u>68,488</u>
Total Liabilities and Net Assets			
	<u>\$ 200,201</u>	<u>\$ 746,698</u>	<u>\$ 946,899</u>

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	Abramson Science and Technology	Kenilworth Science and Technology	Total
UNRESTRICTED NET ASSETS			
Public Support and Other Revenues			
Local sources	\$ 209,945	\$ 2,661,894	\$ 2,871,839
State sources	178,882	1,936,505	2,115,387
Federal sources	-	353,524	353,524
	388,827	4,951,923	5,340,750
Total Support, Revenues and Reclassifications			
Expenses			
Program services:			
Instructional	96,677	2,352,643	2,449,320
Supporting services:			
Management and general	693,520	2,241,846	2,935,366
Non-Instructional services:			
Other services	3,229	107,686	110,915
	793,426	4,702,175	5,495,601
Total Expenses			
Increase (decrease) in Unrestricted Net Assets	(404,599)	249,748	(154,851)
Net assets at beginning of fiscal year	607,213	161,543	768,756
Prior period adjustment - correction of errors	(317,135)	(228,282)	(545,417)
Net assets at beginning of fiscal year, as corrected	290,078	(66,739)	223,339
Net assets (deficit) at end of fiscal year	\$ (114,521)	\$ 183,009	\$ 68,488

See accompanying notes to financial statements.